FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,853 Wednesday August 18 1982 ***30p

CONTINENTAL SELLING PRICES: AUSTRIA Sch. 15; BELGIUM Fr 35; DENMARK Kr 6.50; FRANCE Fr 6.00; GERMANY DM 2.0; ITALY L 1,000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 60; SPAIN Pta 85; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 50p; MALTA 30c

NEWS SUMMARY

GENERAL

U.S. and China in Taiwan accord

China and the U.S. reached an uneasy compromise yesterday over American arms sales to Taiwan.

The U.S. said it would gradually reduce sales but did not agree to Chinese demands for a firm cut-off date.

China warned that the issue was not finally settled, and still strongly objects to an American law for continuing military help to Taiwan. Back Page, Feature, Page 12; Easing curbs, Page 6

Island mutiny

Seychelles President Albert Rene began negotiating with mutinous troops who seized the radio station and threatened to kill 200 hostages. Earlier story, Page 3

Petrol prices

Oil companies hope to raise petrol prices to about 180p a gallon of four-star, perhaps by the weekend. Back Page

Fine delay

Fleet Street electricians deferred a decision on paying the £350 fine imposed on branch secretary Sean Geraghty for contempt of court.

Polish monument

Polish authorities gave permission to the Roman Catholic Church to build a monument to the late Cardinal Stefan Wyszynski in central Warsaw. Banners out, Page 2

£1m jewel haul

Three men stole jewellery worth about £1m from the London home of a Saudi Arabian family.

Smoking curbs

Portugal published laws curbing smoking in public, banning cigarette advertising and requiring health warnings on packets.

Yacht mystery

A Polish ship in mid-Atlantic picked up a yacht flying a British flag but apparently abandoned by its crew.

Poll complaint

Proportional representation would have given the SDP/Liberal Alliance 1,300 seats instead of 470 in the May local elections, the SDP said. Liberal worries, Page 6

Bridal benefit

Rhona Moore, Alison Palmer and Kim Miller each inherited £24 bequeathed in a merchant's will 102 years ago for poor and honest brides born in the City of London.

DIY Italian oil

Italian police impounded a clandestine Naples oil refinery after motorists said cheap local petrol made their cars break down.

Give us this day

An Augsburg court said Johann Gump must continue a centuries-old tradition of paying a tithe of a dozen loaves of bread to the Church.

Briefly . . .

Saturday Review, one of the oldest U.S. magazines, suspended publication.

Man was critically ill in Cardiff with suspected legionnaire's disease.

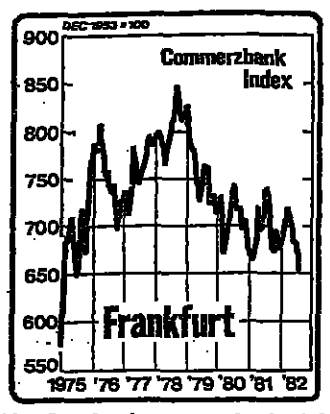
Yugoslav archaeologists unearthed 30,000 medieval arrow tips.

Explosion collapsed a block of flats in Luanco, Spain, killing 10.

BUSINESS

7-year low for German index

● WEST GERMAN Commerzbank index shed 13 to 650.2, a seven-year low, on fears that AEG-Telefunken was about to file for bankruptcy. A denial later from AEG helped some shares off lows. Page 22; Frankfurt bourse shivers, Page 20



● GILTS continued their advance. The Government Securities index added 0.93 to 76.42. Page 23

● EQUITIES followed gilts, with a strong late rise. The FT 30-share index gained 12.4 to 558.2. Page 23

● DOLLAR fell to DM 2.505 (DM 2.517), FFr 6.975 (FFr 7.005), SwFr 2.145 (SwFr 2.155) but rose to Y264 (Y263.75). Its trade weighted index was 122.2 (122.6). Page 24

● STERLING rose 55 points to $1.7085. But it fell to DM 4.28 (DM 4.29), FFr 11.915 (FFr 11.9275) and SwFr 3.665 (SwFr 3.6725). Its trade weighted index held at 91.1. Page 24

● GOLD fell $4 to $338.5 in London. In New York, the Comex August close was $346 ($339). Page 18

● WALL STREET was up 21.88 to 814.31 near the close. Page 22

● FRENCH INFLATION rate rise slowed to 0.3 per cent last month, the smallest monthly increase for four and a half years. Page 2

● SWEDEN'S JOBLESS total rose to 133,000, or 3 per cent of the labour force, last month. Page 2

● NORTH SEA drilling consortium led by Hamilton Brothers of the U.S. is expected to go ahead with the Duncan oil field development next year. Back Page; BP's Buchan field stake to be cut, Page 8

● AUSTRALIAN BUDGET kept open the options for a snap autumn general election. Page 3

● INDUSTRY DEPARTMENT, BSC and Johnson and Firth Brown reached final agreement for an extensive rationalisation of forging capacity in Sheffield. Back Page

● TAYLOR WOODROW is leaving the CBI, the board decided. Half-year profits up 15.3 per cent, Page 14 Lex, Back Page

● CATERPILLAR TRACTOR is to cut another 350 jobs at its Uddington factory in Lanarkshire. Page 7

● ALEXANDER & Alexander Services Inc., insurance broker, is to overhaul the financial controls in UK subsidiary Alexander Howden Group. Back Page

● TETLEY, U.S. tea and coffee subsidiary of Allied-Lyons, has acquired Schonbrunn and Company, coffee producer, from American Maize Products for about £10m cash. Page 16

● UNILEVER, Anglo-Dutch conglomerate, reported pre-tax profits £3.4m lower at £377.8m, for the six months to June 30. Page 14; Lex, Back Page

Clearing banks cut base rates as U.S. bond yields fall

BY RICHARD LAMBERT IN NEW YORK AND MAX WILKINSON IN LONDON

BRITAIN'S high street banks cut their base lending rates by a *further half a percentage* point to 11 per cent yesterday. Across the Atlantic long-term U.S. bond yields also fell *sharply*.

These declines prompted a hectic buying spree on the UK gilt-edged market, pushing prices to new 3½-year peaks and adding almost 2 points to the value of some long-dated stock.

The markets' optimism surged on news that Dr Henry Kaufman, the leading U.S. commentator, had reversed his pessimistic predictions for U.S. long-term interest rates. He now believes long-term U.S. rates could decline from the present 12.5 per cent to nine or 10 per cent within the next 12 months.

U.S. bond prices surged by up to 2½ points and Wall Street share prices also rose. The new mood quickly spread to Europe.

● In London, gilts started trading quietly after Monday's sharp rises but the news from the U.S. and the base rate cut brought out enthusiastic buyers chasing short supplies of stock.

By the close of business long-dated stocks were showing gains of up to 4 points in two trading days and the FT government securities index was up 0.93 points on the day to 76.45, its best level since January 25 1978. The index is about 27 per cent above its low point last October.

It is expected that the new *short-dated tap, £800m of 10½* per cent Exchequer 1987, will be heavily oversubscribed tomorrow and the market believes a further tap will be announced soon.

● The cut in the UK banks' base rate was triggered by a further fall in the Bank of England's money-market dealing rates, which were dropped ½ point. The Bank's rate for the shorter dated bills fell to 11½ per cent. This was the fourth signal to the clearing banks since they last reduced their base rates to 11½ per cent.

The major banks' base rates have fallen by 5 percentage points from their peak last October. Yesterday the London interbank rates reflected the trend with a fall of nearly ½ point in the three-month interbank rate, to 11$\frac{5}{16}$ per cent.

● On the foreign exchange markets the dollar reacted by *losing ground in late European* trading, in spite of a firm start to the day in London. The dollar fell to DM 2.5050 by the close in London, from DM 2.517 on Monday.

Sterling gained ½ cent to close in London at $1.7085 but, in a reversal of the recent pattern, *it lost some ground* against Continental currencies. Its Bank of England trade-weighted index against a basket of currencies lost 0.1 points to close at 91.1.

The weakening of the dollar *reflected a view in the foreign* exchange markets that U.S. interest rates could now be set to come down faster than Continental rates.

● The UK equity market responded late in the afternoon to the general optimism about interest rates. There was a rise of 12.4 points in the FT 30-share index, to 558.2. Trading was thin, however, because most buyers were in the gilt market.

● On Wall Street credit markets, while most of the action was at the longer end of the market, short rates edged down *a little and the Federal Fund's* rate by mid-afternoon was just more than 9.5 per cent against 9.75 per cent on Monday.

There was a general expectation in the City of London yesterday that the strong rise of the gilts market would continue, for several reasons. *These included renewed optimism* about the trend of U.S. rates, the lack of attraction of investments in the UK equity market, the large amount of liquid funds still held by institutional investors and an underlying optimism about the outlook for inflation.

This, however, was balanced by the feeling of some analysts that the authorities would try to restrain the markets' enthusiasm and hold short-term interest rates at about their current level until it sees a calmer mood.

The authorities are also anxious not to allow interest rates to fall so far as to jeopar*dise their money-supply objec*tives. At present the monetary aggregates appear to be growing at rates comfortably within the Government's target range of an annual 8 per cent to 10 per cent.

In spite of high gilt sales in recent weeks, however, the *authorities will not wish interest* rates to fall so low that it becomes difficult for them to maintain an adequate momentum to their funding programme.

So far this year the effect of high U.S. interest rates on the parity of sterling have been the main constraint on the authorities' desire to lower UK interest rates. It does not necessarily follow, however, that the UK authorities would follow U.S. interest rates downward if they fell sharply from present levels.

In a letter to clients of Salomon Brothers, the Wall Street investment firm, Dr Kaufman—long noted for M15 gloomy forecasts for the U.S. credit markets—said that recent events suggested the decline in

Continued on Back Page
Money Markets, Page 24
Lex, Back Page

IMF agrees to $4bn Mexico drawing rights

BY ALAN FRIEDMAN IN MEXICO

MEXICO AND the International Monetary Fund (IMF) have agreed in principle for Mexico to draw up to $4bn (£2.3bn) from the Fund over the next three years.

The agreement is a radical departure in policy for Mexico, which is facing its most serious financial crisis in decades.

In Mexico City yesterday, the Finance Ministry said Sr Jesus *Silva Herzog*, the Finance Minister, and M Jacques de Larosiere, the managing director of the IMF, discussed the agreement in Washington last week.

An IMF delegation is expected in Mexico City next Wednesday to begin detailed *negotiations*.

Mexico is understood to have requested an extended IMF facility amounting to 450 per cent of its quota of $02.5m Special Drawing Rights (SDRs) or a total of SDRs 3.6m. This translates into about $4bn.

It has also asked for a compensatory facility — another avenue for borrowing — which is expected to provide an additional several hundred million dollars.

In talks between Mexico and the IMF last week, emphasis was laid on Mexico's foreign debt servicing costs of $1bn a month.

The agreement should pave the way for Mexico to resume large-scale borrowing from the international banking community. Medium-term international bank loans dried up recently as Mexico introduced its unsuccessful two-tier system of foreign exchange rates, banned last week the export of foreign currency and froze dollar bank accounts.

Mexico is expected, under the IMF guidelines for the funding, eventually to phase out its exchange controls and reopen the precious metal and futures markets shut down last week when the Government halted all foreign exchange dealings.

Continued on Back Page

Minister hints at more pay for nurses in future

BY DAVID GOODHART, LABOUR STAFF

MR KENNETH CLARKE, Minister for Health, yesterday announced a significant shift in the Government's attitude to the long-term level of nurses' pay, just two days before the end of the Royal College of Nursing's *ballot on a 7.5 per cent pay* offer.

The ballot ends on Friday and the result will be known on August 26.

Speaking during a visit to Mayday Hospital, Croydon, Mr Clarke said: "We have so far concentrated on possible ways of updating nurses' pay but we are all aware that a new system will also need to deal with the absolute level of nurses' pay."

Talks between the Government and all the nursing unions on longer-term pay arrangements have so far concentrated on how best to calculate the annual pay rise for nurses by comparison with equivalent levels elsewhere.

The unions, however, have been pushing for a considerable absolute rise before a running comparability system is introduced. Last night the Royal College of Nursing, representing 180,000 of the health service's 490,000 nurses, welcomed Mr Clarke's statement as "encouraging."

The National Union of Public Employees said last night that Mr Clarke's comments were designed to influence the last days of voting in the college's ballot.

But Mr Clarke also emphasised yesterday that the Govern*ment's pay offer was final and* would not be increased if the ballot rejected 7.5 per cent.

He also said last night that he had always been prepared to look at absolute levels of pay after comparison with outside pay levels. But he added: "The unions are simply using the issue of absolute pay levels as the first shot in the 1983 wage claim."

● The indefinite strike by 320 Derbyshire ambulancemen is to continue after talks between unions and management over a disputed bonus system broke down last night.

The National Association of Local Government Officers claimed last night that the British Oxygen Company had threatened to withdraw essential oxygen supplies from all Sheffield hospitals because strike action by 10 Nalgo members had stopped the payment of bills of over £2m to the company. A spokesman for the District Health Authority, however, said that no such threat had been made.

Snags may delay Beirut agreement

BY PATRICK COCKBURN AND NORA BOUSTANY IN BEIRUT

"FINAL AGREEMENT" has been reached on evacuation of some 70,000 Palestine Libera*tion Organisation fighters from* Beirut, Mr Chafic al-Wazzan, the Lebanese Prime Minister, claimed yesterday.

But Mr Ariel Sharon, Israeli Defence Minister, said that "further clarification" of the agreement was still needed before it could be endorsed by *the Israeli Government*.

The main two sticking points to the withdrawal appeared to have been removed when Mr Bassam Abu Sharif, a PLO spokesman, said last night that the PLO was ready to release both the Israeli pilot captured early in the two-month conflict and to hand over to the Israelis the remains of nine soldiers killed in the 1978 incursion into Lebanon.

Earlier Mr Philip Habib, the U.S. special envoy in the Middle East, and Mr Sharon met to discuss these last contentious issues.

Mr Habib was due to go to Damascus yesterday to discuss withdrawal of Palestinian and PLO units under Syrian command from Beirut. Together they are believed to number some 5,000.

In the Lebanese capital Israeli forces withdrew from roads round the Parliament building to allow Lebanese Army and security units to take over as part of the arrangements for the Lebanese Presidential elections fixed for Thursday.

The Lebanese Cabinet is due to meet today to request formally the dispatch of the international force of U.S., French and Italian troops. The French and Americans are sending 800 soldiers each and the Italians about 500.

The first group of Palestinian fighters will leave by sea from Beirut port as soon as the French force arrives there. Israeli forces are still positioned in the harbour, which military experts say will be neutralised for the planned operation.

Previous snags over timing of the withdrawal seem to have been ironed out with arrangements for a phased withdrawal of guerrillas coinciding and synchronised with arrival of the international force.

Western diplomats privy to the negotiations said chartered boats escorted by U.S. and Italian warships would then take Palestinian fighters to Larnaka, Cyprus.

From there they would fly to one of the seven Arab countries which have agreed to absorb PLO elements, or Greece. Seaborne evacuees will go to Larnaka, and Jordan's Red Sea port of Aqaba, a 1,100-mile journey.

Those bound for Greece, who may be among the first to leave, would be guerrillas wounded in the fighting. The seven Arab countries to host the PLO are Jordan, Syria, Iraq, the Sudan, North and South Yemen, while new PLO headquarters will be in Tunisia, where the Arab League is based. Mr Yasser Arafat, the PLO leader, will be last to leave.

Beirut diplomats disclosed yesterday that Tunisia agreed to receive the PLO leadership. What is still undetermined is what will happen to the families of the evacuated fighters.

A main feature of Mr Habib's evacuation proposals is that Lebanese Army units take up positions with the international force on its arrival.

Diplomats said this was aimed at paving the way for the Lebanese Army eventually to take over from the international force after its one-month mandate.

The mandate can be terminated sooner if it becomes evident that the Palestinian guerrillas' withdrawals are being delayed.

This was agreed as an assurance to Israel that the guerrillas would not take the international force's presence as a shield to delay their departure.

£ in New York

—	Aug. 16	Previous
Spot	$1.7040-7055	$1.7050-7070
1 month	0.05-0.08 dis	0.02-0.05 pm
3 months	0.14-0.19 pm	0.42-0.47 pm
12 months	3.15-3.30 pm	3.75-3.90 pm

Occidental rethink on Cities

BY RICHARD LAMBERT IN NEW YORK

THE FUTURE of Cities Service, the large U.S. Oil Company, was thrown into the melting pot again yesterday when Occidental Petroleum became the third group in the last two months to withdraw an offer to buy the company.

However Occidental said later that it was continuing to study possible courses of action with respect to Cities Service. Possible options included a new offer for the company, or a tender offer for Cities Services shares. Occidental said no decision had been reached about its future course of action, but stressed that the withdrawal of its offer related to the proposals made last Friday.

Earlier Cities turned down Occidental's offer made on Friday and worth up to about $3.8bn, after a three and a half hour board meeting on Monday. But it appeared anxious to keep the door open for further negotiations.

In a letter to Dr Armand Hammer, Occidental's octagenerian chairman, Mr Charles Waidelich, the Cities' chairman, said his company was willing to discuss with Occidental "possible basis" on which the bid terms might be improved.

Cities Service's moves caused confusion on Wall Street, where trading in Cities' shares was halted twice in the course of the day. Cities' shares had opened at $39.5, up $6.25 from the level at which they had been suspended prior to Occidental's offer last Friday.

In his letter to Dr Hammer, written after Monday night's *meeting, Mr Waidelich said that* Cities was "vigorously pursuing possible transactions with other companies designed to provide full value for our shareholders, by way of either the sale of the whole company or the sale of major segments of the business."

He admitted that Occidental's bid was the only formal offer on the table, but added that Cities intended to "continue *discussions with various other* companies that have expressed a possible interest in the purchase of the company or of various key segments of its operations."

Traders on Wall Street spent yesterday touting the names of yet more potential bidders. Occidental's offer, which was worth on various estimates between roughly $45 and $50 a share, had been greeted with enthusiasm by speculators, who had been threatened with heavy losses following Gulf Oil's surprise withdrawal of its $63-a-share offer earlier this month.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 12½% 1986	£104¼	+ 1½
Conv.	£	+
Treas. 12% 1995	£99¼	+ 1¾
A.P.V.	292	+ 12
Akroyd & Smithers	252	+ 12
Arlen Elec.	38	+ 13
Barclays Bank	383	+ 14
Barratt Devs.	315	+ 9
China Light	119	+ 17
Dalgety	285	+ 11
Distillers	191	+ 7
Ferranti	430	+ 27
Firth (G.M.)	25	+ 7
Grand Met.	258	+ 8
Hawker Siddeley	342	+ 8
Howard Tenens	64	+ 5
Jardine Matheson	138	+ 12
Johnson Grp Clean's	228	+ 10
Land Securities	252	+ 8
Midland Bank	307	+ 11
Nu-Swift	39	+ 4
Phicom	26	+ 4
Plessey	530	+ 13
Provident Financial	134	+ 6
Racal Electronics	493	+ 23
Restmor	98	+ 8
Rothmans	87	+ 4
Royal Insurance	368	+ 18
Standard Chartered	380	+ 18
TI	102	+ 6
Taylor Woodrow	535	+ 10
Thorn EMI	412	+ 17
Shell Trans.	390	+ 10
Cons. Gold Fields	415	+ 12
Elandsrand	249	+ 26
Impala Platinum	250	+ 18
Rustenburg Platm.	164	+ 14
Venterspost	188	+ 12

FALLS

British Home Stores	160	− 4
Coats Patons	57½	− 3½
Daon Dev.	45	− 14

* Price at suspension

CONTENTS

French inflation rate rise slows in July

BY DAVID WHITE IN PARIS

THE FRENCH Government yesterday received the first clear result of its temporary price and wage freeze with provisional inflation figures for July showing a 0.3 per cent rise, the lowest for four and a half years.

July was the first full month under the freeze, announced on June 13 in the immediate aftermath of the last devaluation of the franc. The inflation rate figure, which had been anxiously awaited, brings the annual rate down sharply to 11.9 per cent, compared with 13.5 per cent in June.

The Finance Ministry said the *freeze had worked better than expected.* It had expected a rise of 0.5-0.6 per cent a month, reflecting "unavoidable" factors. These include: prices of imported consumer products, for which the freeze applies only to distributors' margins; producer prices for farm goods determined at EEC level; and increases on a number of items in the consumer price index which are measured quarterly *rather than monthly.*

The Government has good reason to be relieved at the figures. They are likely to be an important element in forthcoming discussions with trade unions about the next stage in its wage policy, to take effect when the statutory freeze ends on October 31.

A round of preliminary negotiations begins tomorrow with a meeting between M Pierre Mauroy, the Prime Minister, and M Edmond Maire, leader of the CFDT union federation. These talks are intended to pave the way for a fresh Government-employer-union conference on guidelines up to the end of next year. The Government officially is holding to inflation targets of 10 per cent this year and 8 per cent next.

Discussions with industry on lifting price restrictions are also expected to be launched before the end of this month, although no dates have been set. The Government wants negotiated regulatory agreements, based on a target 3 per cent rate of increase in the last quarter of the year.

Dutch head for battle over wage indexation

BY WALTER ELLIS IN AMSTERDAM

WAGE INDEXATION and the stationing of Cruise missiles in the Netherlands are issues boiling up into serious controversies with only three weeks to go before the general election on September 8.

The country's largest trade *union federation, the FNV,* has declared war on attempts to break the links between wage increases and the rate of inflation.

At the same time, the influential Dutch Peace Movement has issued a pamphlet urging electors to reject those parties supporting the stationing of U.S. Cruise missiles in the country and Mr Dries van Agt, the outgoing Premier, has warned those who cannot accept the missiles not to vote for his Christian Democratic Party.

The developing controversies could hit the broad Right and increase support for the previously ailing Labour Party.

Last week, an opinion poll indicated that Labour was making a comeback and could emerge as the largest single party after the election—even *though the Christian Democrats* and the Liberals were still favourites to form a coalition.

The FNV says that it is not willing to sacrifice the living standards of its 1.1m members for the *sake of improved* national competitiveness.

The two governing parties, the Christian Democrats and Democrats '66, have been trying to erode the link between wage and price rises, while the opposition Liberals favour scrapping the system and replacing it with free collective bargaining.

Amnesty plea for Kurds

BY OUR FOREIGN STAFF

NEARLY 100 Kurdish prisoners in Turkey are in poor health as a result of torture and harsh prison conditions, according to reports reaching Amnesty International.

The human rights organisation, *in publishing the reports* yesterday, complained that the Turkish authorities had not replied to a request to be allowed to visit the prisoners and for medical details. The request, *sent on* May 27, specifically raised the case of Mr Mehdi Zana, former mayor of Diyarbakir and leader of the estimated 6m Kurds, Turkey's largest minority. Mr Zana's *sister claims he underwent* prolonged torture.

Amnesty International also mentioned the 10-year prison sentence given to Mr Ismail Besikci, a sociologist, for *referring to the Kurds as a separate* ethnic group—a view considered heresy in Turkey. Thousands of Kurds have been among those imprisoned since the military coup of September 1980. Many are accused of violence, but others are charged with "separatism" or "Kurdish propaganda" for affirming the existence of a Kurdish minority.

Poland's debt to Moscow increases

By Leslie Colitt in Warsaw

POLAND'S DEBT to the Soviet Union has risen to 2.8bn transferable roubles (£2.5bn) because of oil, natural gas and raw materials deliveries for which the Poles cannot pay with their own exports. This compares, however, with the $27bn (£15.8bn) owed to Western governments and banks.

According to Mr Wladyslaw Gwiazda, the Polish Deputy Minister for Foreign Trade, imports from the Soviet Union rose by *12* per cent to TR 2.26bn in the first half of this year, compared with the same period in 1981. Exports to Moscow rose by 9 per cent to TR 1.72bn. But their value was still "considerably lower" than in 1980, he said.

The Polish deficit of TR 540m in trade with Moscow to July represented the increase in Soviet credits to Poland, said Mr Gwiazda. The total trade deficit with the Soviet Union this year would be TR 1.2bn.

Moscow is to send Poland extra supplies this year of maize, grain, rice and ammonia, the minister said, as well as television sets, radios, refrigerators and watches worth TR140m.

Coal exports to the Soviet Union have increased only marginally and are well below the levels of past years. Mr Gwiazda said that in order to reduce the growing debt to Moscow, Poland was setting aside increasing amounts of idle Polish industrial capacity to produce goods for both countries using Soviet raw materials.

Some TR 125m in additional raw materials are being sent this year to be processed in Polish factories and returned in large part to the Soviet Union. Thus, synthetic rubber and PVC is going to Poland in exchange for lorry tyres, shoes, industrial pipes and foil.

Mr Gwiazda said "hopes are high" over a preliminary agreement with Moscow to use the large spare capacity in the Polish car industry to manufacture vehicles for export to the Soviet Union and for domestic sale. This would be in exchange for badly-needed semi-finished products and raw materials for the *motor industry.*

Poland failed to meet its contracts with Moscow for deliveries of machinery and equipment worth TR 86m, said the minister. Talks are being held on the sale of surplus machinery and equipment to the Soviet Union.

Solidarity's banners unfurled again

WARSAW — Solidarity activists yesterday strung banners across a Warsaw street and showered leaflets in the first demonstration of a two-week campaign to promote the suspended union and oppose martial law.

The gesture was made as General Wojciech Jaruzelski, the military leader, ended a visit to the Soviet Union during which he told President Leonid Brezhnev that counter-revolutionary forces were hindering efforts to recover from Poland's crisis.

The clandestine leadership has appealed for leaflets and posters to be distributed in support of Solidarity in the next fortnight and for mass demonstrations against martial law on August 31.

Red and white banners were yesterday strung across Hoza Street, which runs off *the main* Marszalkowska thoroughfare.

Some bore the words: "We demand amnesty for the convicted, we demand release of the internees, we demand agreement."

They were strung from the eight-floor windows of apartment blocks.

Reuter.

FINANCIAL TIMES published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Economic troubles could prove greater danger to Irish Government's future

Haughey denies mishandling Connolly affair

BY BRENDAN KEENAN IN DUBLIN

THE IRISH Prime Minister, Mr Charles Haughey, has rejected suggestions that he mishandled events surrounding the resignation of Mr Patrick Connolly, the Attorney General, after the arrest, in Mr Connolly's flat, of a man charged with two murders.

He was speaking after a meeting with trade union leaders, held to discuss the Government's public sector pay embargo, had revealed a serious deterioration in Irish public financing.

The talks were overshadowed by questions about the Connolly affair and, in particular, his decision to go on holiday to the United States immediately after the arrest.

Mr Haughey said the events were "unprecedented" and "a grotesque mischance" which had come as a great shock to him. He said he only became aware of the main facts when Mr Connolly was already en route to the U.S. He spoke to him by telephone and suggested he return, but Mr Connolly said he would like to go to New York to think over his position.

He had agreed to this in light of Mr Connolly's constitutional position as Attorney General. "Normally, he is the one to whom I would turn for advice in circumstances like these," Mr Haughey said.

The Prime Minister claimed he changed his mind on Sunday when he became aware of all the facts—in particular, that a shotgun had been found in Mr Connolly's flat. At that point he asked Mr Connolly to return.

He described Mr Connolly as an innocent party and said some would argue that he had done nothing to merit resignation. However, Mr Haughey indicated that he believed by Monday night, when Mr Connolly returned to Dublin, that he ought to resign.

This statement may not be enough for all opposition politicians. Mr Michael O'Leary, the Labour Party leader, has asked for the recall of Parliament, but Mr Haughey ruled this out, as he did any question of his own resignation over the matter.

Fine Gael, the main opposition party, has stopped short of calling for Parliament to resume, but several influential members would like to see some form of inquiry to make sure that all the facts have emerged.

Mr Haughey did not reject this but said he believed the facts would emerge during court proceedings against Mr Malcolm McArthur, the arrested man.

Mr Connolly's assertion that he did not know that Mr McArthur was wanted by police would appear to be borne out by the revelation that the man travelled in Mr Connolly's official car with its police driver.

Even so, some key opposition politicians believe the public should be told the circumstances of how the former Attorney General came to know Mr McArthur, and the extent of their relationship.

A political crisis looks unlikely, however, unless there are new revelations. The main damage may be to Mr Haughey's already tarnished image as a man who gets things right.

The economic situation, in the end, could prove a more serious threat to the survival of his Government. He revealed yesterday that the budget deficit was now running at Ir£863m (£696m) — almost Ir£200m (£161m) above target. This means that, without corrective measures, government borrowing would rise to almost Ir£1.9bn (£1.5bn).

Mr Haughey said the Government simply could not pay the outstanding 5 per cent increase to public servants this year. Nor could it meet the special pay claims which he claimed could amount to Ir£200m-Ir£300m next year.

The Government was firm about this, despite union threats of widespread industrial action. It wanted discussions on the whole question of public sector pay next year and he hoped the unions would agree.

The issue threatens Mr Haughey's Government because of its dependence on at least one left-wing MP for a parliamentary majority. However, the position of Dr Garret FitzGerald, the Fine Gael leader, is delicate, too. He could not easily fight an election if the Government fell as a result of following the kind of policies which Dr FitzGerald, himself, has been urging.

Prime Minister Charles Haughey: wage talks with trade unions.

SPANISH AUTHOR ALLEGES THREE PLANS TO SEIZE POWER

Military intelligence 'infiltrated coup plots'

BY ROBERT GRAHAM IN MADRID

A KEY element in the failure *of the military coup in Spain* on February 23 last year was that military intelligence had succeeded in infiltrating the plotters.

Aware that at least two, and probably three, plots were being hatched, military intelligence decided to precipitate Col Antonio Tejero's plan to seize Parliament, and in so doing aborted other more serious schemes, including a Turkish-style military takeover.

This is the view of Sra Pilar Urbano, one of Spain's best known women political journalists, who, after months of research, has published a book entitled "By Your Leave, I Investigate February 23."

Sra Urbano believes this is the only explanation for the shadowy presence in the plot of the intelligence officer, Maj *Jose Luis Cortina. He was one* of the last to be implicated and was absolved by the military tribunal that dealt with the 32 officers tried for their part in the attempted coup.

Military intelligence was aware of three plots in early 1981, she says:

- A Turkish-style coup planned by Gen Jaime Milans del Bosch, commander of the Valencia military region;
- A "soft" coup in which the King was to be presented with an ultimatum for a government of national reconciliation. This was planned by Gen Alfonso Armada, the King's military adviser, and was scheduled for March 21;
- A hardline colonels' coup on May 2 in which Col Tejero was the leading light.

Military intelligence, she says, *learned late in the day* that Gen Milans del Bosch and Col Tejero were combining their plans, leaving it with little option but to precipitate the plot in the hope that it would not succeed through bad organisation.

According to Sra Urbano, this thesis helps explain the presence of Maj Cortina, the intelligence officer responsible for dismantling the attempt by Col *Tejero to overthrow the Government* in November, 1978. This was the so-called "Galaxy plot" which, incidentally, she shows to have been much more serious than previously recognised.

Evidence at the trial of the February 1981 plotters indicated that Maj Cortina was at none of the initial meetings, yet he was alleged to be the key link between Col Tejero and Gen Armada—a role he persistently denied.

If accepted, this thesis means that military intelligence failed to pass on its knowledge to the Government which was held hostage in Parliament for 18 *hours. Another reason for the* plot's failure, says Sra Urbano, was exaggerated optimisim about support for the coup

She claims that a key meeting of the Rebels on January 18, 1981 was attended by 14 people other than five indicated at the trial. She declines to name them but says they include three army generals (including one on the active list), one air force general, a well-known financier and a former minister under Gen Franco.

The book serves to underline the slight nature of the official investigation of the coup. It also contains one fact which is *hotly denied. According to Sra* Urbano, the U.S. bases in Spain were on a special state of alert on February 23, 1981. U.S. officials dismiss this and insist that U.S. intelligence was unaware of the plot.

FLASHBACK to February 23, 1981: Col Antonio Tejero, a Guardia Civil officer, takes over the Spanish Parliament at gunpoint

Unemployment level reaches 3% in Sweden

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

THE NUMBER of registered unemployed in Sweden rose to 133,000, or 3 per cent of the labour force, in July. This is an increase of 29,000 from July last year and of 2,000 from June this year. If people on emergency work or participating in retraining schemes are included, the number reached more than 300,000.

Although low compared with unemployment in many other countries, this represents an unusually high level by Swedish standards. The announcement of the latest figures is an embarrassment for the Centre-Liberal coalition Government less than five weeks before the *general election.*

Mr Ingemar Eliasson, the Labour Minister, immediately announced the allocation of SKr 240m (£22.7m) to provide extra emergency jobs. He also promised financial support for local authorities to set up special units to deal with unemployment among young people. Of those under 25 years of age, 57,000 or 7 per cent of the total were without jobs in *July.*

Total employment fell by 20,000 over the 12 months of July. Most startling, however, was the 44,000 decline among those working in industry.

The poor unemployment figures overshadowed a deceleration in the rate of inflation in July and a good foreign trade result. Consumer prices rose by 0.7 per cent between the middle of June and the middle of July to give an increase of 6.4 per cent since the beginning of the year.

The 12-month rate of increase in consumer prices fel to 8.6 *per cent compared with close to 14 per cent a year earlier.* However, the index to which wages are linked has to rise by only another 0.7 per cent before the end of the year to trigger claims for increases *under the national pay* agreement.

Preliminary figures for foreign trade in July show an unusually large surplus of SKr 1.3bn, giving Sweden a trade surplus for the first seven months of around SKr 3.8bn, compared with SKr 2.1bn in the corresponding period last year.

Exports increased in volume by some 4 per cent, while *imports rose by 1-2 per cent.* The July figure was boosted by exports of SKr 1.2bn from the shipyards.

Craxi gives backing to Spadolini

Sig Bettino Craxi, whose Socialist Party forced the resignation of the Italian Prime Minister, Sig Giovanni Spadolini, 10 days ago, gave his backing yesterday to the latter's efforts to form a new coalition government, AP reports from Rome. He said he was satisfied with Sig Spadolini's plan for reforms and recomended that his party give its support.

Sig Spadolini, a Republican, will probably be ready to form Italy's 42nd post-war government and present the list of cabinet ministers to President Sandro Pertini by the end of the week.

Malta church dispute

Archbishop Joseph Mercieca of Malta has flown for talks with the Vatican following the bitter attack by Prime Minister Dom Mintoff last week, writes Godfrey Grima in Valletta. The talks will centre on relations between Mr Mintoff's Government and the Roman Catholic Church which have been strained by a dispute over private schools, most of which are run by religious orders, and by church criticism of government treatment of workers who joined a campaign of civil disobedience launched by the opposition Nationalist Party.

Weapons seized

Security officials at West German airports seized 144 firearms and more than 40,000 rounds of ammunition in the first six months of this year, Reuter reports from Bonn. At Frankfurt and Munich airports, 133 bows and arrows, 47 ice-picks, 38 tear-gas canisters, 10 harpoons, eight scythes and a pitchfork were also seized.

Turkish inflation up

Turkey's annual inflation rate rose to 25.3 per cent last month, slightly above the Government's target, from 23.9 per cent in June, Reuter reports from *Ankara.* But the increase in the wholesale price index, considered the main inflation indicator, was well below its high for the year of 34.2 per cent reached in April.

More Eurocrats

The growth of the European Community in the past decade has been accompanied by a 68.2 per cent rise in the number *of "Eurocrats"* and their families in Belgium, according to the 1981 Belgian census results, AP reports from Brussels.

Portugal's reform means hard times for public sector

BY DIANA SMITH IN LISBON

THE REFORM of Portugal's constitution, which has downgraded military influence in politics, opens up a new era in the country's democratic history. By the end of the year, when the review has been promulgated and key ancillary legislation brought into being, the powers of Parliament will be stronger, the political role of the military will wane, and the centre-right coalition of Sr *Francisco Balsemao will have* more effective tools with which to tackle a debilitated economy.

Only the rigid Communist Party, instigator of the Military Council of the Revolution in *1975 and of the Marxist tone* of the 1976 constitution, opposed the review. It pulled out every stop in repertoire — strikes, pressure on Socialist *deputies, street demonstrations* and threats of labour chaos — in the hope of stopping the abolition of the Council of the Revolution, which has systematically opposed efforts to liberalise the economy for the past three years.

These measures did not work. The Council of the Revolution was briskly swept away, and with it went the enshrined power of the military to interfere in politics. Hereafter, constitutional precepts will be overseen by a constitutional tribunal elected by Parliament.

The new constitutional tribunal will be made up of judges, and the ruling coalition's comfortable majority in Parliament is likely to ensure that these judges are sympathetic to economic reforms that the Balsemao Government is bent on making, namely in the loss-encumbered public sector. It is fair to say that the demise of the Council could resuscitate Portugal's weak private sector.

Since the revolutionary nationalisations of 1975 swept the banks, steel, basic industries, sea, air and land transport, breweries and shipbuilding into the public sector, most state-owned concerns have operated at huge losses. Widespread overmanning, sloppy book-keeping, constant changes in senior management, a passion for stifling bureaucracy, under-capitalisation and over-indebtedness have been recurring maladies of these companies, which contribute heavily to a national budget deficit that will exceed $2bn (£1.17bn)—more than 10 per cent of gross domestic product in 1982.

Ever since the Socialists were ousted from power in 1978, and especially since the Coalition came into force in late 1979, there have been calls for stringent cuts in the public sector.

When it became clear that the Socialist opposition intended to back constitutional reforms, and that the Communists' strength had waned enough for them to be gadflies but no longer severe threats to democracy, the Balsemao government opened war on the public sector.

Declaring that public sector companies which have been losing money consistently will no longer be permitted to do so, *Sr Balsemao hinted some companies* could be shut down, with their assets sold to private buyers. The sector will be made to offer shares on the small Lisbon stock exchange, which *the Coalition intends to build* up.

There are few Portuguese capitalists around with the capacity to acquire a large company, but there are signs that foreigners would not be discouraged from a minority shareholding in these experiments in liberalisation.

One such experiment is already under way; the Setenave shipyard, which has run at a loss virtually since its inauguration in the early 1970s, has been put out to tender for a management contract. It is understood that a major West German heavy industrial company has shown interest in managing the yard.

For some time, members of the Balsemao Government have hinted that hard times were just around the corner for the public sector, but they were received sceptically. It was felt an unpopular government would hardly plunge into measures that are bound to bring a threat to many jobs

The approach of new constitutional mechanisms, however, better tailored for the market economy that Sr Balsemao and his colleagues hope one day to see applied to Portugal, has patently given the Government a new lease on life. A few weeks ago it seemed that the Premier might not be able to stay the course much longer.

The Government has followed an old tradition of revealing tough measures while much of the nation is on holiday, and not inclined to debate actions that radically affect the country's political and economic fabric. Because of this, what is an historical turning-point has gone half-unnoticed. Results of the *local elections* in mid-December should indicate whether the population approves of the efforts to end state capitalism in Portugal.

AUSTRALIAN BUDGET

Canberra could face snap general election

BY MICHAEL THOMPSON-NOEL IN CANBERRA

THE ANNUAL Australian budget, announced yesterday, kept open the options for a snap autumn general election.

As expected, the budget steered a fine course between potential vote-catching and appeasement of the international trade and financial communities.

If offered personal tax cuts, a major housing package, higher welfare spending, a shift to capital works expenditure, and a series of measures designed to boost employment.

It also entails a much larger budget deficit than that of last year, the Mr John Howard, the Federal Treasurer, said the projected deficit of A$1.67bn (£1bn) represented only one per cent of projected gross domestic product.

He said the Government had not been insensitive to the fact that many Australian families needed help. "However, we have not ignored the compelling necessity to maintain an anti-inflationary economic strategy," he said.

It is felt in Canberra that should the budget prove electorally popular, Mr Malcolm Fraser, Prime Minister, may lead his government into a general election this autumn.

The total budget deficit is estimated at A$1.674bn, an increase of A$1.125bn on the outcome for 1981-82. Total receipts are expected to rise by 11.3 per cent to A$45,393bn, while total outlays are expected to rise by 13.9 per cent to A$47.067bn. Allowing for transactions abroad, the budget's expected domestic surplus totals A$230m.

The main features announced by the Treasurer were personal tax cuts worth A$1.7bn annually partially offset by consumer tax increases totalling A$800m; a housing package worth A$726m; a 15 per cent increase in welfare spending; and a shift in emphasis towards capital works expenditure, including a special roads programme, aimed at boosting employment.

Cuts in personal income tax will be effective from November 1. The standard rate of income tax is being reduced from 32 per cent to 30 per cent. The amount of tax-free income that can be earned is being raised by A$400 to A$4,595 a year, removing 300,000 pensioners and other lower income earners from the tax net.

Spending on defence is expected to rise by 11.8 per cent to A$4.622bn, on social security and welfare by 15.4 per cent to A$13.273bn, and on health by 13.5 per cent to A$3.792bn.

Labour conflict threatens Cape

BY BERNARD SIMON IN JOHANNESBURG

EMPLOYERS and trade unions have warned that serious labour unrest is threatening the eastern Cape, one of South Africa's most politically volatile regions.

Their concern is partly based on simmering labour disputes in the motor industry and at Port Elizabeth harbour, and partly on the growing number of lay-offs as a result of slowing business activity.

Ford's South African subsidiary, whose assembly plants are in Port Elizabeth, last week laid off 500 workers, one-tenth of its labour force. Volkswagen has also retrenched several hundred workers at its Uitenhage plant, and Goodyear Tyre has notified trade unionists that lay-offs are imminent.

Mr Brian Matthew, director of the Midland Chamber of Industries, said employers are concerned that "the entire labour situation seems to be deteriorating."

Potentially the most explosive situation is the ten-month dispute between the General Workers Union (GWU), a well-organised black trade union, and South African Transport Services (SATS), the state corporation which runs the country's railways and harbours.

The union claims to represent about 90 per cent of Port Elizabeth's dock workers, but SATS refuses tohave any dealings with it. Several large companies in the Port Elizabeth area have urged the corporation to open discussions with the GWU, which is already recognised by stevedoring companies at all South Africa's major ports.

Earlier this week the Midland Chamber of Industries offered to act as a mediator in the dispute. According to Mr Matthew, "if dialogue doesn't commence, conflict in inevitable."

The GWU has set next Monday as a deadline for SATS to open recognition talks and will meet shortly after to decide on further action. Mr David Lewis, the union's general secretary, said "there is going to be a conflict within the next 2-3 weeks."

Monsanto considers Japan site

BY RICHARD HANSON IN TOKYO

MONSANTO, the world's top supplier of silicon wafers, used by the semiconductor industry, is considering building a plant to produce silicon wafers in Japan, the company's Japanese subsidiary has disclosed.

There have been no final decisions on locating such a plant. Those familiar with the project, however, say that Monsanto is considering several regional sites in Japan. It appears the company would aim to build a plant employing 300-500 people, or roughly the same size as a silicon wafer plant which Monsanto operates in Missouri.

Monsanto earlier disclosed an ambitious strategy to expand its overall silicon wafer production in a three year plan. The wafers are used to produce the "chips" on which integrated circuits are printed.

Under the plan, Monsanto will spend several hundreds of millions of dollars by 1985, mostly in the U.S. A Japan manufacturing base apparently would fit into this scheme for at least two reasons:

● Monsanto's share of the Japanese market for silicon wafers — the second largest semiconductor market in the world — is less than 10 per cent of the total.

● Shin-Etsu Semiconductor, which holds about half the Japan market, has already advanced into manufacturing in the U.S. with a wafer plant in the state of Washington. Other large Japanese producers are also aiming directly at Monsanto's home market in the U.S.

Monsanto is one of several mainly U.S. companies involved in the semiconductor field to consider production in Japan. This year, Fairchild and MRC, both of the U.S., made decisions to build plants in Kyushu, Japan's southern "silicon Island." The government, through the Ministry of International Trade and Industry (Miti) has actively promoted the inflow of high-technology based foreign companies as a part of its plans for stimulating regional economies.

Seychelles soldiers in mutiny

By Our Foreign Staff

MUTINOUS soldiers yesterday seized control of the radio station in Victoria, capital of the Seychelles islands in the Indian Ocean, in an apparent bid to remove senior army officers and defence staff.

Tourists on the islands were confined to their hotels, and a 24-hour curfew imposed, after shooting and explosions were heard in the capital. The soldiers threatened to kill an unknown number of hostages unless loyal troops stopped attacking the radio station.

The situation remained confused last night, although it seems clear that the rebels are not seeking to stage a coup against the socialist government of President Albert Rene. But the action amounts to a new threat to stability on the islands, where only nine months ago there was an attempted coup by foreign mercenaries, many of them from South Africa.

In broadcasts from the radio station, the rebels pledged their "unswerving loyalty" to the president, who was reported by Tanzanian radio to be on an outlying island in the archipelago. The soldiers called on President Rene to return to the capital to hear their demands.

News agencies quoted diplomats in Nairobi as saying that there were several military casualties in the early morning fighting in the streets of Victoria, but there was no indication that tourists were among the hostages at the radio station.

India acts over foreign equity

By K. K. Sharma in New Delhi

A MAJOR U.S. pharmaceutical company, Smith, Kline and French, is among four foreign companies that are to be prosecuted by the Indian Government for failing to carry out orders to "Indianise" their ownership under the Foreign Exchange Regulation Act (FERA).

The other three are Marzock and Cadar, owned by a Kuwaiti firm, Pashtany Tojarty, a trading company based in Afghanistan; and Norindia Ltd, a Panamanian consultancy concern.

The Government has asked its enforcement directorate to take action against the four for failing to dilute their foreign equity holding to 40 per cent, as required by FERA. This stipulates that all foreign companies must limit foreign shareholdings to 40 per cent unless they are engaged in high technology manufacturing operations or export a major proportion of their production.

Tony Walker on Peking's response to Japan's re-written history

Angry China wages war of words

JUST TWO MONTHS ago Zhao Ziyang, the Chinese Premier, visited Tokyo for what turned out to be a most successful round of talks with Japanese counterparts. The visit appeared to underline the growing maturity of Sino-Japanese relations in contrast to the strains between China and the U.S.

Now relations between Peking and Tokyo which appeared to be in good order have been jeopardised by the Japanese Education Ministry's extraordinary re-writing of official history to make it seem that bloody atrocities committed in China by Japan's Imperial Army were not so bloody after all.

It is difficult not to feel sympathy for Chinese anger at Japan's re-writing of history. After all, they were the principal sufferers at the hands of Japanese soldiers who butchered tens of thousands of innocent people in 1937 in a holocaust known as the Rape of Nanking. This was just one of a series of such incidents.

Why Japan's Education Ministry ordered the changes is unclear, except that its decision perhaps reflects a more "lenient" contemporary attitude among Japanese to the events of the 1930s and 1940s as those events recede into the past.

So, official Japanese school textbook history now states that instead of invading Manchuria in the 1930s, Japan's Imperial Army merely advanced into that area of North China, and furthermore that the Rape of Nanking was not the fault of callous Japanese soldiers, but rather a retaliation against Chinese troops who dared resist.

In the past several weeks, China has published graphic pictures in its newspapers depicting Japanese atrocities. One shows a Japanese soldier holding up the decapitated head of a Chinese man in Nanking. Another shows mounds of skulls and bones alleged to be the victims of a Japanese massacre in the ancient city of Chengde, north of Peking, another shows Chinese being buried alive in Nanking and still another shows the corpse of a Chinese woman who was raped and then disembowelled by bayonets.

Japanese armoured cars entering Shanghai in 1937—was it an invasion or just an advance?

If the publication of the photographs has not stirred up a latent anti-Japanese feeling in China it would be surprising. People's Daily, the Communist Party newspaper, set the tone for a mood of outrage in a commentary published several weeks ago. It stated: "The Japanese militarists can paint the hell on earth they created in China as a paradise, describe their aggression against China . . . as an advance in Japanese texbooks. But they cannot dispel the painful memories of their aggression, killing, torture and plunder from the minds of the Chinese . . . people."

An immediate casualty of the row between China and Japan over the textbook alterations was a proposed recent visit to Peking by the Japanese Education Minister. That visit was hastily cancelled as the Chinese anger over the revisions gathered strength.

Now, it appears that a planned visit late next month by Mr Zenko Suzuki, Japan's Prime Minister, is also in jeopardy. Mr Suzuki plans to visit China as part of celebrations of the 10th anniversary of the establishment of Sino-Japanese diplomatic relations. As such it would be a symbolically most important visit for the two countries which are near neighbours and important trade partners.

But from the Chinese point of view, nothing short of a further re-writing of official history to return it to the former description of events in the 1930s would seem to be acceptable. At present, Tokyo appears to be exhibiting a reluctance to make the changes.

Why this should be so is not altogether clear. A Western diplomat who has served in both Tokyo and Peking believes the episode demonstrates what he describes as a typical lack of sensitivity on the part of the Japanese in their dealings with other, notably Asian, countries. The diplomat said the Japanese often appeared impervious to regional sensitivities.

The diplomat noted that there appeared to be a growing nostalgia in Japan for old tradition, symbolised perhaps by the military successes achieved by Japan's Imperial Army in the 1930s.

The row between the two countries perhaps underscores the fact that despite their close ties, Japan and China don't appear to understand each other very well. This was apparent in 1980 at the time of cancellations by the Chinese of contracts for large capital construction projects entered into with Japanese companies. Part of the problem appeared to arise out of a breakdown in communication between the two sides.

An experienced Japanese diplomat said at the time that one of the difficulties in relations between the two countries came about because of a "coincidence of inscrutability". The theory he expounded was that while the Japanese personality was more inscrutable, China, as a nation, was more impervious to outside influence. This is not a recipe for easy communication.

Further contributing to the present apparent downturn in Sino-Japanese relations is Chinese anger over the recent visit to Taiwan of a delegation led by Mr Masumi Esaki, head of the ruling Liberal Democratic Party's special committee on external relations.

"Though Mr Esaki did not use the title of Special Envoy of the LDP President as he had used during his tour of South-East Asian countries, the official nature of his delegation cannot be watered down," charged an official New China news agency commentary.

The Xinhua commentary alleged that "adverse currents" in Japan were seeking to destroy Sino-Japanese friendship. It has not been overlooked that the language used in the Xinhua commentary was almost a carbon copy of that employed recently against conservative U.S. Republican supporters of Taiwan.

In one area, the Japanese Education Ministry appears to have succeeded where others have failed: that is, in promoting a unanimity of viewpoint among almost all the countries of Asia, and even between the most bitter antagonists. Thus Peking and Taipei are almost equally outraged at Japan's changes to the historical record, as are Pyongyang and Seoul. This is perhaps the most extraordinary outcome of Japan's inexplicable display of insensitivity.

Editorial Comment, Page 12

AMERICAN NEWS

Reagan supporters optimistic over tax Bill prospects

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

SUPPORTERS of President Ronald Reagan's controversial $100bn (£58.8bn) tax Bill were yesterday increasingly optimistic that they could push it through Congress in two cliff-hanging votes. The first is due in the House of Representatives tomorrow, while the Senate is set to vote on Friday or early next week.

Many congressmen, however, said they would not be sure of the outcome until the last vote had been counted. A defeat for the Bill would be the most serious political upset for Mr Reagan since he took office, raising for the first time serious questions over his ability to lead an increasingly divided Republican party.

The White House said that following Mr Reagan's nationwide television appeal to the American people for support on Monday night, telephone calls to the White House were running well in the President's favour.

Mr Howard Baker, the Senate Republican leader, predicted that the Senate would approve the Bill if the House did, while Mr Robert Dole, influential chairman of the Senate Finance Committee, said bluntly that it would pass.

The conservative Republicans who have rebelled against the President nevertheless continued their relentless attack on the Bill. Congressman Jack Kemp, one of Mr Reagan's long-standing supply-side supporters, disagreed with the President's contention that the Bill would bring interest rates down.

For their official response to Mr Reagan's speech, the Democrats fielded an influential member of the House of Representatives, who fully backed the President, and a senator who had supported Reaganomics in the past, who remained neutral.

Congressman Thomas Foley of Washington said that although the Democrats differed with the President on many major issues, this was one occasion on which he was right. The Tax Bill would introduce long overdue elements of fairness and moderation, many of them inspired by the Democrats, to balance the excesses of the administration's intial economic policy.

Senator David Boren of Oklahoma said that whatever the outcome of the vote, "it certainly is not going to end the recession and put people back to work." Rather than give outright backing to the Bill, he called on Mr Reagan to support a measure introduced by the Democratic leadership in the Senate that would require the Federal Reserve to reduce interest rates.

Bishops call on Bignone to reinstate democracy

BY JIMMY BURNS IN BUENOS AIRES

THE ARGENTINE Church has called on the Government to stick to its pledge to return the country to democracy and has warned that hesitation on the political liberalisation would "be tragic for the country."

A document published by leading bishops of the Episcopal Conference on Tuesday night demanded a lifting of the state of siege, settlement of unresolved disappearances of thousands during the 1976 coup, and the immediate release or proper legal processes for over 600 political prisoners condemned as "subversives" by military tribunals.

President Reynaldo Bignone, who took power on July 1, has lifted a ban on political activity and promised elections by March 1984. But the state of siege still gives the military authorities arbitrary powers of arrest and detention.

In spite of growing pressures from human rights groups and the opposition political parties, General Bignone's Government has so far refused to assume any responsibility for the repression that took place between 1976 and 1978.

The bishops, in one of their most outspoken statements on human rights since the coup, urge the authorities to "alleviate the anguish of families (of political prisoners and those who have disappeared) and of society as a whole." It added that the "spirit which leads to military coups" should be eliminated from Argentina's political idiosyncracies.

Cuts at General Motors

BY RICHARD LAMBERT IN NEW YORK

GENERAL MOTORS yesterday announced production cuts in a number of its car assembly plants which will result in the indefinite lay-off of 9,100 employees. The company, which had an average of 384,000 hourly-paid workers in the U.S. during 1981, already has 125,000 employees on indefinite lay-off while a further 37,450 are temporarily laid off during a period of model changes.

GM said that the latest round of cuts, which apply to four of its 25 passenger car assembly plants, are being made because of weak market conditions. The moves are concentrated in its medium to small model ranges.

Missile plan could breach Soviet pact

By Anatole Kaletsky in Washington

SENATOR JOHN TOWER, chairman of the Senate armed services committee, has said that an antiballistic missile (ABM) system, which could breach the present U.S.-Soviet ABM treaty, will be "essential" to protect the MX strategic missiles which are to be the cornerstone of U.S. nuclear defences in the 1990s.

Senator Tower, one of Washington's most influential figures in defence matters, said on Monday night that a "ballistic missile defence is going to be essential regardless of the basing system" chosen for the MX missiles. He added that it "would not bother" him if the U.S. had to abandon or amend its treaty with the Soviet Union, which limits ABM deployment to 100 missiles and 18 fixed radar installations at one site in each country.

The unexpected news that Senator Tower and his committee expects to provide an ABM "overlay" to any MX basing plan is likely to intensify controversy over the much-delayed MX system.

The Reagan Administration has insisted that a virtually indestructible MX system is needed to provide a reliable deterrent against a Soviet first strike.

But it has not yet decided on a plan for siting the missiles securely. MX opponents have argued that it would merely escalate the nuclear arms race. The link between MX deployment and abandonment of the ABM treaty seems certain to strengthen the opposition's case.

Senator Tower's remarks were made as he announced that a Senate-House of Representatives conference committee had reconciled various differences between the defence authorisation bills passed by the two chambers of Congress.

Although the total defence authorisation for 1983, at $178bn (£104.5bn) will be $5.4bn less than the Administration had requested, President Reagan has secured approval for almost all the controversial items in his rearmament plan.

Chemical warfare is the one major issue on which the President failed to get his way. The conference committee withheld $54m to start the production of nerve gas shells, although research and development funds have been authorised.

Delay agreed for Penn chief's evidence

U.S. Congressmen investigating the failure of Oklahoma City's Penn Square Bank have delayed hearing key evidence from the bank's chairman, Mr Bill Jennings, to allow him more time to prepare his testimony, Paul Taylor reports from Oklahoma City.

Tim Coone, in Managua, reports on resistance in the north east to the Sandinistas

Nicaragua fears outside aid for opponents

ZELAYA NORTE is a wild, sparsley populated and largely inaccessible part of Nicaragua. It is a region of breezy pine forests, steamy swamps and impenetrable rain forest. Most of the scattered Indian and Creole communities of the region are situated either on the Atlantic coasting or on the banks of winding and sluggish rivers, many only reached by boat or canoe.

The revolution of 1979 by-passed this isolated territory. For many people often English-speaking and Protestant who remember the distant days when the area was a British protectorate, their first contact with the Sandinistas of the Frente Sandinista de Liberacion Nacional (FSLN), which led the insurrection against General Anastasio Somoza, the U.S.-backed dictator, was when groups of eager young students arrived to help in the 1980 nationwide literacy crusade.

It has only been since the revolution that the first serious attempts have been made to integrate the Atlantic coast communities of Zelaya province into the state of Nicaragua as a whole. For many communities traditionally hostile to government from the Spanish-speaking Pacific coast, the revolution surprisingly brought the first schools, clinics, roads, electricity and economic contact with the other side of the country. Despite some initial successes, however, Zelaya Norte has today been transformed into a closed war zone.

One year ago, five anti-Sandinista groupings, including many National Guardsmen from the former Somoza régime, tried to piece together a coherent and united military opposition from their training camps in Florida and Honduras. Their occasional raids into Nicaragua irritated the Sandinistas, but did not then pose a serious threat.

But in July, the Nicaraguan Government no longer talked of "bands" of counter-revolutionaries, but rather of a well-trained and well-equipped military opposition with command and supply structures resembling a regular army. Their total strength is estimated at between 4,000 and 5,000 in Honduras, with a further 1,000 operating in Zelaya Norte—a figure also accepted by diplomats in Managua.

In the first two weeks of July, the Sandinistas apparently thwarted an attempt to take the Atlantic coast port of Puerto Cabezas, and the Miskito Indian settlement of Tasbah Pri, where 10,000 Indians were transferred earlier this year in a resettlement programme of villagers living along the Rio Coco river. The transfer aroused great controversy at the time, which the Sandinistas defended on the grounds that it was the only means of protecting the communities from cross-border raids and to defend the border more effectively against incursions.

The Government's relationship with the Atlantic coast community is undoubtedly strained. Mistakes, due to inexperience immediately after the resolution, have since been exacerbated by the security problem that now dominates the region. The Moravian Church, which has a major influence on the Atlantic coast, says that many arrests have been made and that this is adding to the alienation felt by the local communities.

As a result, it appears that many of the guerrilla units, while mostly commanded by ex-National Guards and similar associates of the former régime, now contain a growing number of Miskito Indians. Their ties to the local communities are further providing a support structure for the right-wing guerrilla units. Military spokesmen in Nicaragua say that the plan to take Puerto Cabezas, if successful, would have been followed by an attempt to take control of the whole Atlantic coast region, and to establish an alternative seat of government.

Elsewhere in the country, however, the popular following of the Sandinistas, especially from the Campesinos and the urban workers, faces no serious challenge. The Government, therefore, feels it can gradually improve the situation on the Atlantic coast but its main preoccupation is whether external support for the counter-revolutionaries will tip the balance.

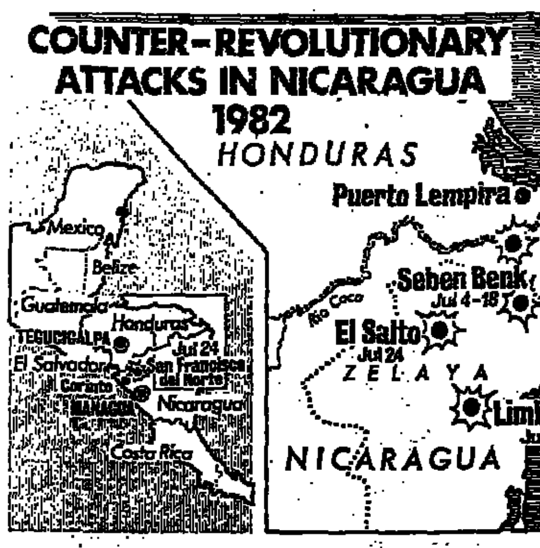
Joint U.S.-Honduras military manoeuvres, which took place between July 26 and August 6 in the Puerto Lempira region of Honduras—where a number of guerrilla camps are thought to be located—have made the Nicaraguans very jumpy. As a result of the manoeuvres, a new military base has been established in the region, 12 miles from the Nicaraguan border, and where it is believed 1,500 Honduran soldiers are based.

The Nicaraguan Government is also worried by the U.S. loans to improve three Honduras airfields, for military purposes, the alleged construction of landing strips at several guerrilla bases in Honduras, and the unprecedented use of unmarked civilian-type aircraft fitted out with rockets and bombs. These were used to make (unsuccessful) attacks on the oil storage facilities at the Pacific port of Corinto on July 19 and the Esso Oil refinery in Managua on July 27.

Meanwhile, with attacks on Nicaraguan border villages and frontier posts rapidly escalating (almost 20 since July 4) and markedly undiplomatic language emanating from both sides of the frontier pressure is mounting on the Nicaraguan Government to act directly against the guerrilla bases inside Honduras. However, all are aware—the Nicaraguans, the guerrillas, the Hondurans and the U.S.—that, should this happen, the Honduran army will almost surely retaliate. It is the moment the counter-revolution is undoubtedly waiting for.

THREE PEOPLE were killed and six wounded on Monday during a pro-government demonstration in Masaya, about 25 kilometres from the capital, Tim Coone reports from Managua.

The incident occurred after a day of troubles in Masaya. Right-wing agitators, apparently operating from a religious school, are said to have provoked government officials, local people and police, and this led to the demonstration. A right-wing guerrilla unit appears to have opened fire with the aim of provoking a confrontation between the government and Church in Nicaragua.



Alan Friedman in Mexico City reports on the impact of two leaked U.S. documents

U.S. assessment of crisis angers Mexico

MEXICAN GOVERNMENT officials, already troubled by the country's deep economic problems, are said to be furious with Washington as a result of two alleged State Department documents which catalogue the advantages to be gained by the U.S. as a result of the crisis.

The first document, which concerns Mexico's current crisis, concludes that "with the wind out of its sails, Mexico is likely to be less adventuresome in its foreign policy and less critical of ours".

The second, which carries a "Secret" classification, deals with U.S. forward planning in Central America. It says that, while "the trend of events in Central America is now running in our favour," it will be necessary to "keep pressure on Cuba and Nicaragua."

Both documents are dated June 26, and are believed to have been cleared by Mr Thomas Enders, Assistant Secretary of State for Inter-American Affairs.

Although the State Department has not confirmed the authenticity of the documents, one U.S. diplomat said: "I can confirm that it reads like State Department language."

The release of the documents in Mexico City reflects the anger felt by senior Government officialls at what is perceived to be a U.S. policy of incitement.

The revelations come only a few weeks after Mr John Gavin, the U.S. Ambassador, angered Mexican officials by appearing on a U.S. television programme called "Mexico: Times of Crisis."

In the programme Mr Gavin discussed his fear that Central America's troubles could "spill over" into Mexico. This and other comments were viewed by the diplomatic community in Mexico City as rather unfortunate.

The document on Mexico's crisis is devoted partly to an appraisal of how the country's oil-based boom and growth rate has "flattened."

The document notes that "a widening 'party's over' mood has complicated the Government's political calculations, seriously clouded business confidence, and led some to predict a galloping inflation rate, zero growth, and a major increase in unemployment by 1983."

In another section, the document predicts that U.S.-Mexican relations will be "severely tested in the months ahead, as both countries seek to repair their economies."

Referring to Mexico's foreign debt problems, it concludes that "Mexico's overriding need will be to secure additional foreign credits."

At the time the paper was completed, Mexico had not yet approached the IMF. The paper states that such an approach would be difficult for political reasons, but adds that Mexico's "access to assistance from other governments is practically nil."

The Mexican crisis will present "both opportunities and risks" for the U.S. As the paper puts it: "Mexico may be willing to sell more oil and gas to us at better prices; it may ease its restrictions on foreign investment; it may be prepared to negotiate a reciprocal reduction in tariffs and other trade barriers; and it may even be willing to co-operate in managing the illegal migration problem."

Although the paper predicts "a less adventuresome" Mexican foreign policy, it ends with this caveat: "It would be unrealistic to expect, however, than even an economically chastened Mexico will compromise its prickly independence in any fundamental way."

The paper on Central America asserts that "Mexico's unhelpful role (in the region) is diminishing, as that country focuses more on domestic economic concerns."

"Assuming that Cuba and Nicaragua do not substantially increase the stakes in Central America, the secret to success will be a steady and sustained effort," the paper concludes. It describes the potential use of U.S. combat forces as "counter-productive."

In order to sustain U.S. policy in the region, the paper estimates a cost of $750m (£438m) a year over the next three years. If Nicaragua and Cuba "decide to increase the stakes substantially, more dramatic measures will be required."

Such measures are not spelt out, but the document stresses the need to achieve more Congressional support for U.S. policies in the region. "Human rights concerns, diminished but still present fears of a Vietnam-style escalation, and other competing concerns are all obstacles," the document concludes.

The State Department said on Monday that there had been a "constant improvement" in U.S.-Mexican relations over the past 18 months, and it denied allegations of an American-sponsored campaign to discredit Mexico, AP reports from Washington. Department Deputy spokesman Alan Romberg said: 'There is absolutely no anti-Mexican campaign being conducted by the United States."

ENERGY REVIEW

A sharp shock for electricity supply from Reagan

By David Fishlock, Science Editor

THIS SUMMER, the U.S. electricity supply industry, in the doldrums since the mid-1970s, was beginning to feel more cheerful about its prospects than for nearly a decade. Then, as Congress rose for the summer recess, the Reagan Administration dealt the industry a couple of quick jabs to the ribs.

The blows, in the "revenue enhancement" package passed by the Senate Finance Committee early in July, were proposals to end a time-honoured tax concession for small investors in the industry; and to end a useful leasing concession. But as the industry explores the ramifications of a complex tax bill, it is realising that in the medium-to-long term the cost could be heavy.

The hardest thing for the industry to take was that the blows came from an Administration it believed was on its side, and came without consultation. "There's no doubt that the Bill discriminates against utilities and we are very disturbed about it," says Mr William McCollom, president of the Edison Electric Institute, Washington-based trade association of the U.S. electricity supply industry.

Irate shareholders are already flooding congressional offices with their protests about the prospective loss of a tax concession which allows a man and wife to hold up to $1,500 of shares in the industry free from tax, provided they reinvest earnings.

The Edison Electric Institute represents companies supplying 77 per cent of the customers for electricity in the U.S., and 77 per cent of the kilowatts sent out. The other 23 per cent of U.S. electricity is generated by small co-operatives—mostly in rural areas—and by individual consumers and state-owned companies such as the Tennessee Valley Authority.

Bill McCollom, former president of a large southern electricity supply company (utility) until apopinted to his present post four years ago, has presided over a perceptible improvement in the industry's health over the past year or two. In 1981, its net income was 19.8 per cent up on 1980.

Unfortunately for the investor, it was not able to translate all of the improvement into benefit for its equity investors. Earnings per share rose only 8.7 per cent—partly because of the industry's problems in raising capital to finance construction of new power plant. Return on equity in 1981 was 12.6 per cent, compared with 11.4 per cent the previous year.

The industry as a whole has had a long-running struggle with the bodies which set the price for electricity for each utility. For a decade the price approved has trailed the figure requested by a substantial margin, leaving the industry desperately short of cash for further investment. This has severely penalised nuclear investment, as the most capital-intensive of the industry's technological options. The consequences of nuclear investment are summed up by the chart just published by the U.S. General Accounting Office, comparing three different projections for U.S. installed nuclear capacity by the end of the century.

U.S. electricity price regulation is 90 per cent controlled by state legislation and only 10 per cent by the Federal Government. As Mr McCollom sees it, "the regulators are beginning to address the problem." Last year, the industry received approvals for some 70 per cent of the money it requested, totalling $8.3bn, compared with 54.6 per cent in 1980 totalling only $5.9bn. "The message has got through but it's still an uphill fight."

Less satisfactory for the industry is the quality of its earnings, he says. Over the past ten years the proportion of net income that falls in the category of "allowance for funds used during construction"—that is, not available as cash—has risen remorselessly from 25.1 per cent to 44.8 per cent last year. The net result is that the utilities are paying out more in cash dividends than they receive in cash income. "And that's not healthy," Mr McCollom comments crisply.

Where he expects to have a big fight with the price regulators is in raising the ratio of market price to book value. This has been improving, from 0.73 to one in 1980 to 0.78 last year, and 0.83 by May 1982. "There's no question this has attracted new cash." Anything below a ratio of 1:1 means they are diluting the value of present common shareholder's equity each time common stock is sold, he says.

Some utilities therefore see capital spending quite simply as a hazard, because of its high cost and the difficulty of recovering it reasonably quickly in price increases. They have been postponing or cancelling new plant—not just nuclear stations but coal, fuel conversion and environmental protection projects. "No company is going to build facilities if it doesn't have to," Mr McCollom says. "No utility is going to raise capital if it doesn't have to."

Nuclear electricity is particularly disadvantaged by the industry's problems with capital. All new nuclear plants ordered since 1974 have been either cancelled or placed on an indefinite construction schedule. "Finance is probably the major factor," Mr McCollom believes. Another is the continuing uncertainties of the U.S. nuclear licensing system, especially since the accident at Three Mile Island.

Out on the West Coast, the Electric Power Research Institute (EPRI), the industry's co-operative research and development organisation, whose prosperity is closely related to the financial health of its patrons, has been taking a closer look at the advantages of squeezing more from existing generating plant. It has reached the conclusion, in a report expected to be released this month, that the industry could save itself $2.2bn over seven years by making a "modest" 1 per cent increase in coal and nuclear plant availability over a seven-year period; and another $3.7bn by making a 1 per cent increase in the efficiency of its coal and nuclear plants.

The project has been undertaken by EPRI's planning and evaluation division. The aim is to try to take account of very wide variations in the experience and the technologies used by utilities across the nation. To simplify the problem, they have divided the U.S. into the six regions shown on the accompanying chart.

A data base has been drafted for each region, describing its generation supply and system load characteristics. This data base was then used to evaluate the economic advantages of making a 1 per cent improvement nationwide in each of four different factors.

The first study examined the advantage of a 1 per cent improvement in base load availability of nuclear and coal plants. The chart shows the three regions that would benefit most, chiefly because of the shift it would bring from present heavy dependence on oil or gas in these regions. Overall, the saving would be an estimated $2.2bn over the seven years 1979-85.

The second study was of the benefits to be found in a 1 per cent improvement in thermal efficiency. It showed that, nationwide, the industry could save $2.8bn in production costs from the extra electricity output, and another $0.9bn from the fuel savings.

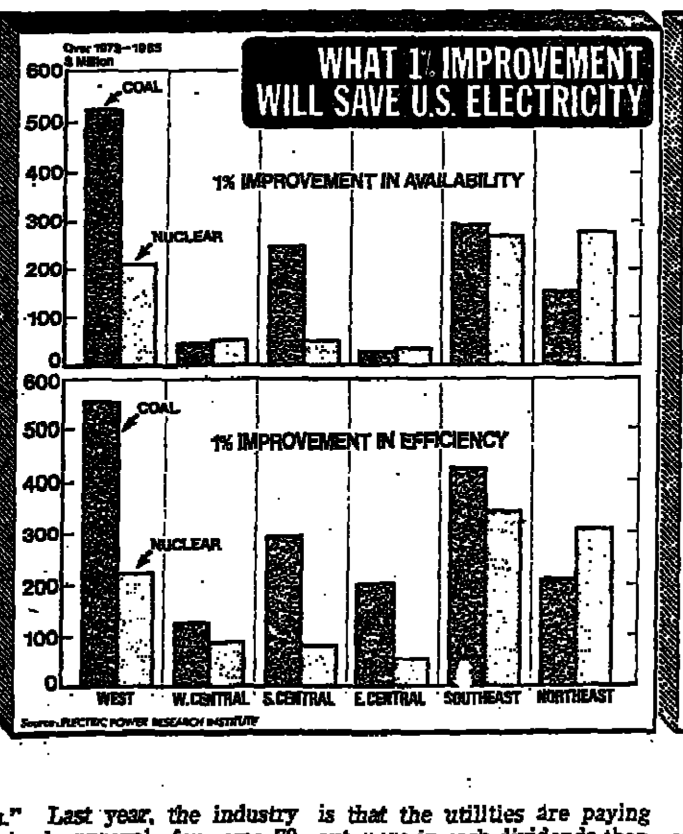
The EPRI study showed that the thermal efficiency of coal-fired plants has fallen over the past decade, largely because of environmental restrictions and controls. Top efficiency averages about 36 per cent, where it was 38 per cent in the 1960s.

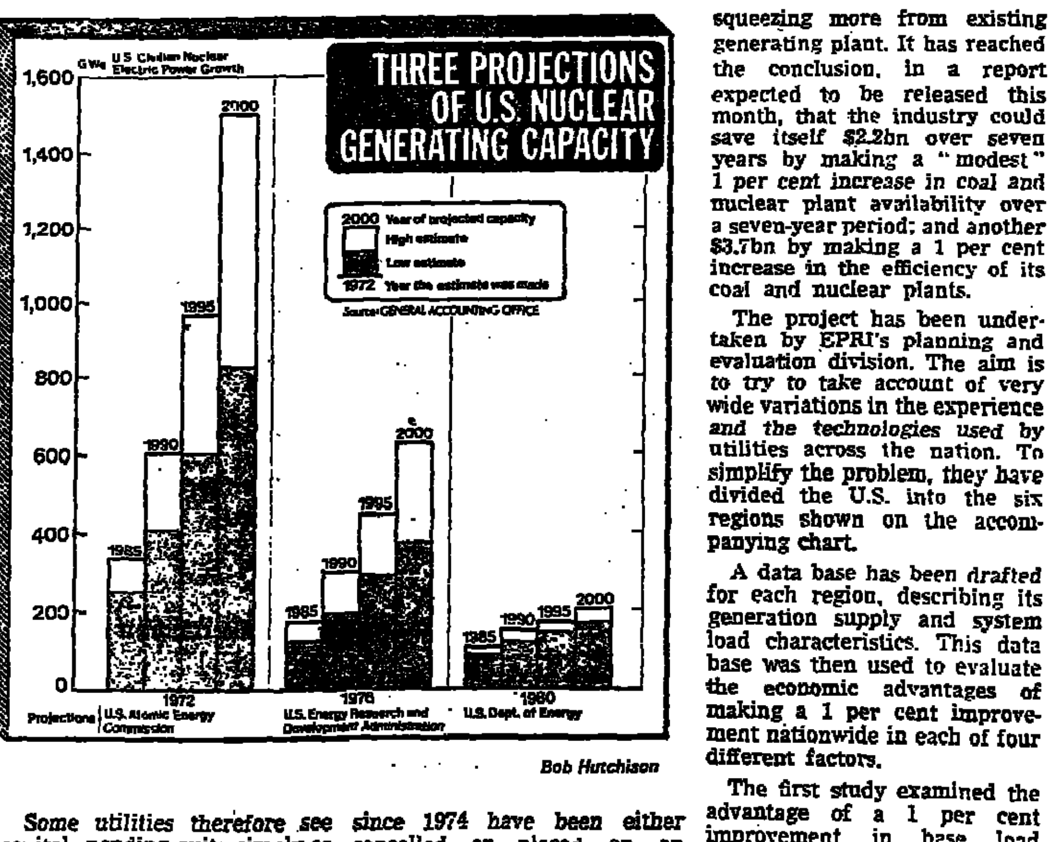
A third study was made of the advantages of a 1 per cent improvement in the losses between the power station and the customer's meter, currently put at 7-10 per cent of the total system demand, and averaging 8.3 per cent across the U.S. A 1 per cent improvement—from 8 to 7 per cent — would be worth $1.1bn to the industry over 1979-85.

The benefits varied greatly by region, with the biggest in those areas with the highest incremental production costs, relatively dependent on oil and gas. But another factor is that since, for the purposes of this study, lower losses are associated with new equipment introduced to meet growth in demand, the benefits are greatest where load growth is highest—namely, in the south-east, south-central and west regions of the U.S.

The last of EPRI's four studies is of the benefits from a 1 per cent reduction in costs of environmental control systems. It examined two systems for coal-fired plant: flue gas desulphurisation, and electrostatic precipitators. It investigated both capital and running costs.

It showed that a 1 per cent drop in these costs could save the industry $127m over the period 1979-85. But it claims that the potential for savings is much higher than 1 per cent—perhaps 10 per cent or higher.

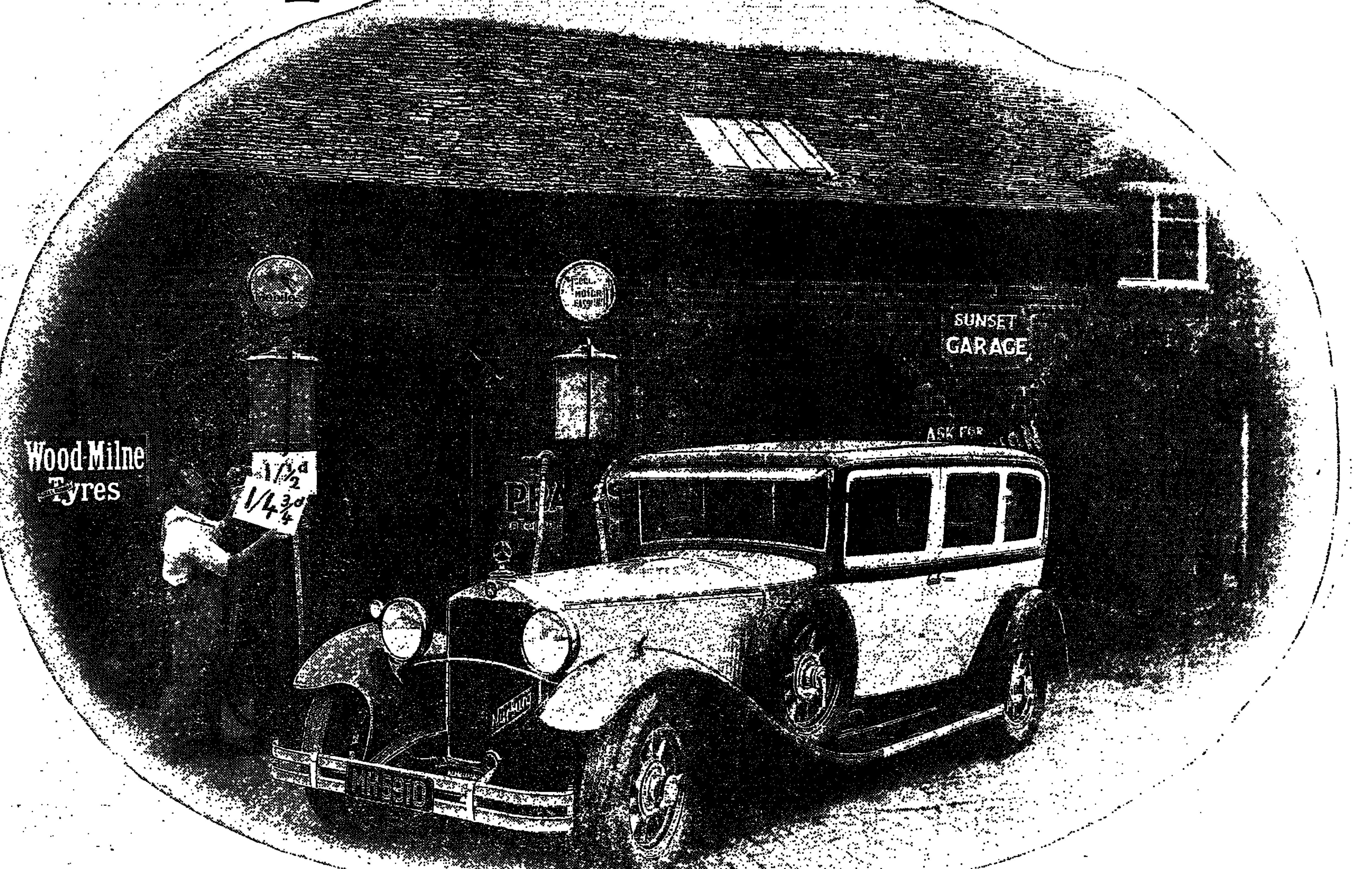




Bob Hutchison

هكذا من الأصل

In 1928 Mercedes-Benz spotted a trend.



Illustrated: The 1928 'Nürburg 8' Eight-cylinder in-line engine, 80 hp.

In 1981 Mercedes-Benz introduced the 'Energy Concept', but it was an idea originated by Mercedes-Benz engineers more than fifty years ago.

In the late 20's and early 30's the world first saw unusually large rises in the price of petrol. Spotting this trend in 1928, Mercedes-Benz decided to do something unusual for that day and age-design cars with a regard for fuel consumption.

In 1931 they introduced what could be regarded as the first expression of the 'Energy Concept': The Mercedes-Benz 170. It was not only one of the world's first cars with swing-axles, it also had an overdrive to lower engine speed by 30% and fuel consumption by 20%.

1936. The Diesel arrives.

In 1936, despite other manufacturers' overwhelming preoccupation with petrol engines, Mercedes-Benz introduced the world's first production car with a Diesel engine–the 260D.

It was less greedy and likely to last longer than petrol-engined cars of the day. It became the foundation of the Mercedes-Benz reputation as the pre-eminent builder of Diesel cars. And in the mid-fifties Mercedes-Benz developed and introduced petrol injection in the 300SL. The result: increased performance without a significant increase in consumption.

1979. Amazing aerodynamics.

The new S-Class range, unveiled at the Frankfurt Motor Show in 1979, possessed aerodynamic characteristics never before obtained in that size of car. This was just one of the reasons why the fuel consumption figures were amazingly low.

It also had redesigned, light-alloy V-8 engines that increased performance while actually lowering fuel consumption significantly.

The 'Energy Concept' took another giant leap forward. Petrol kept going up in price.

1980. Higher performance on less fuel.

This was the year Mercedes-Benz introduced the new four-cylinder engines for the 2 and 2.3 litre series.

These short stroke engines, with cross-flow cylinder heads, attain their maximum torque at low engine speeds. In other words, they can be driven in high gear at low speeds with less engine stress.

Engine noise was reduced and, because fewer gear changes were required, there was less stress on the driver too.

And all the while, petrol was becoming even more expensive.

The Mercedes-Benz 'Energy Concept' today.

The challenge of the Eighties, for all car manufacturers, is to build vehicles that are even more fuel efficient.

The challenge for Mercedes-Benz is to make quality cars that are not only fuel efficient but also offer the high degree of safety and comfort that people have come to expect from the marque.

This challenge has been met. As you can see from this chart of fuel consumption figures, their frugality is impressive. However the character and integrity of the cars is still uncompromisingly Mercedes-Benz.

Official Fuel Consumption Figures.	Imperial mpg–Metric L/100 km					
	Urban		56 mph/90 km/h		75 mph/120 km/h	
	IMP	METRIC	IMP	METRIC	IMP	METRIC
200 Saloon	22.6	12.5	36.2	7.8	28.6	9.9
200T Estate	22.5	12.6	35.2	8.0	27.5	10.3
230E Saloon	22.2	12.7	36.9	7.7	29.5	9.6
230CE Coupé	21.6	13.1	36.9	7.7	29.5	9.6
230TE Estate	21.6	13.1	36.9	7.7	29.5	9.6
280E Saloon	19.1	14.8	28.7	9.8	23.4	12.1
280CE Coupé	19.1	14.8	28.7	9.8	23.4	12.1
280TE Estate	19.1	14.8	28.7	9.8	23.4	12.1
280SL Roadster/Coupé	19.1	14.8	29.0	9.8	23.5	12.0
380SL Roadster/Coupé	19.9	14.2	30.7	9.2	25.0	11.3
500SL Roadster/Coupé	18.2	15.6	30.2	9.4	24.6	11.3
280SE Saloon	19.8	14.3	29.6	9.5	24.3	11.6
380SE Saloon	20.3	13.9	32.6	8.7	26.2	10.8
380SEL Saloon	19.9	14.2	32.6	8.7	26.2	10.8
380SEC Coupé	20.3	13.9	32.6	8.7	26.2	10.8
500SE Saloon	18.6	15.2	31.0	9.1	24.8	11.4
500SEL Saloon	18.6	15.2	31.0	9.1	24.8	11.4
500SEC Coupé	18.6	15.2	31.0	9.1	24.8	11.4

Nowhere is the 'Energy Concept' better expressed than in the current S-Class.

This car requires less energy to build, advanced alloys make its V-8 engines more frugal yet more powerful. Its famous aerodynamics not only aid fuel economy but also road holding and stability.

Through the innovative use of special steels and aerospace plastics and alloys, the S-Class is not only lighter, but stronger and safer. It has more seating room, improved visibility and a remarkably quiet ride.

In 1982 many manufacturers have an 'Energy Concept'. The Mercedes-Benz 'Energy Concept' has been around for more than 50 years.

Engineered like no other car in the world.

Anti-dumping duties imposed on E. German chemical exports

BY GILES MERRITT IN BRUSSELS

ANTI-DUMPING duties of almost 30 per cent have been imposed by the European Commission on East Germany's exports to EEC markets of key chemical products. At the same time, Romania has undertaken to raise its export prices of the same chemicals substantially in order to eliminate the injury being caused to Community producers.

The provisional EEC anti-dumping duty on methylamine, dimethylamine and trimethylamine originating in the German Democratic Republic has been set at 28.8 per cent and is applicable for four months or until the EEC Council of Ministers adopts definitive measures against the imported chemicals.

Methylamines, which come in gas cylinders or in a water solution, are used in the manufacture of pesticides, solvents and rubber vulcanisers and of an additive to animal feed.

The Brussels decision to impose preliminary duties follows an EEC anti-dumping investigation of both East German and Romanian pricing that was triggered by a formal complaint to the Commission by the European Council of Chemical Manufacturers' Federations (CEFIC), the Brussels-based organisation that represents all the EEC producers of the chemicals in question.

The EEC probe found that the combined East German and Romanian producers' market share in the Community for these chemical products had increased from 17 per cent in 1979 to 26 per cent in 1981, with a further increase anticipated this year.

UK woollen sales up in value

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

SALES of British woollen goods abroad were slightly higher by value in the first four months of this year compared with the same period of 1980 despite a drop in April.

Comparisons have to be made with 1980 because no trade figures are available for the early months of 1981 as a consequence of industrial action by civil servants in Customs and Excise.

Earnings in the January-April period, according to the Confederation of British Wool Textiles, went up by 3.2 per cent to £146.8m. In April, though, they dropped 1.9 per cent to £35.7m.

In real terms, when inflation is taken into account, the industry has experienced a sharp drop between 1980 and 1982, reflecting the world depression. By volume, there was a 12 per cent drop for instance in woollen and worsted fabrics sent overseas.

The main markets for British goods continue to be the high-income countries.

Bid to block backing for dam

BY JOHN WICKS IN ZURICH

FOUR development aid organisations have asked Switzerland's Export Risk Guarantee Commission not to grant a guarantee in respect of a West African dam project.

It concerns a SwFr 165m (£44m) contract for the Berne building group Losinger at a site in Mali.

The organisations, two of which are Swiss and two West German, claim in their representations to the commission that the Manantali project is not in the interest of the local population.

Irrigation in the Senegal river basin will, say the four bodies, benefit primarily large agricultural ventures and mean the displacement of some 16,000 people, with little hope of compensation.

The dam has been ordered from an international consortium by a joint authority of the three African countries Mali, Mauretania and Senegal.

Losinger's share in the consortium, which is headed by the West German contractor Zueblin, is some 29 per cent.

Losinger is the biggest Swiss construction company, whose total contract value on hand at the end of 1981 was of SwFr 558m.

Taiwan to ease import curbs

TAIPEI—Taiwan has decided to lift import restrictions against 1,500 items of Japanese consumer and fishery goods in two or three phases before the end of this month, economic officials said yesterday.

Taiwan has banned imports of 1,500 Japanese products, apparently in retaliation for Japan's refusal to work toward narrowing the trade imbalance between the two countries. In 1981, Japan had a trade surplus with Taiwan of $3.45bn (£1.9bn) on total transactions valued at $8.39bn.

The Taiwanese officials added, however, that import restrictions on Japanese tape recorders, video recorders and fishery products still remain in effect, despite the lifting of embargoes on other items.

Japan has accepted, in principle, to offer technology transfer in co-operation projects with Taiwan and to help improve Taiwan's manufacturing industry structure, the officials said.

In terms of financial assistance, Japan is to provide long-term low-interest loans to Taiwan for development of the nation's manufacturing industries, they added.

AP-DJ

Lisbon, Maputo sign accord

BY DIANA SMITH IN LISBON

TRADE officials from Portugal and Mozambique have signed a preliminary protocol which prepares the ground for a joint trading company.

A shortlist will be made of Portuguese private companies interested in shares in the venture, and of the types of products which can benefit.

The aim of the company is to foster sales of goods from Mozambique in markets where the Portuguese partners have experience of selling, and to improve sales of Portuguese goods in Southern African nations where Mozambique has useful contacts.

Improved political relations with Mozambique since 1981 have led to efforts by private Portuguese concerns to do active business with the former colony and offer technical assistance.

Mozambique is in need of foreign currency earnings, and the trading company, which should be established by the end of this year, is seen as a vital step in this direction.

Casio to assemble calculators in China

CASIO COMPUTER said yesterday it is preparing to start the assembly of electronic calculators in China, Argentina and Mexico with local interests and using parts supplied from Japan, Kyodo news agency reports from Tokyo.

A spokesman said the company is planning to assemble 600,000 calculators in the three countries with supplies made in Japan in the first year.

He said that, in the first year, the company has contracted to supply China with parts for about 400,000 calculators, valued at Y1.5bn (£3.1m). Of the total, 30 per cent will be general calculators, 60 per cent scientific calculators and the remainder calculators with watches.

He said such calculators would be assembled at more than one factory, including one in Beijing.

Parts for about 150,000 calculators, worth about Y500m will be shipped to Argentina in the first year for assembly with a trading house based in Buenos Aires.

Mitsubishi bids for Saudi plant

MITSUBISHI Heavy Industries and other Mitsubishi group members have turned in the lowest bid — $390m (£207m) for a large desalination plant to be built in Saudi Arabia, writes Richard Hanson in Tokyo.

This is one of the largest plant projects to have been tendered for recently in the Middle East. Mitsubishi beat six other bids, including those by a Japanese-French consortium, led by the trading house Nissho-Iwai, and the Hyundai group in South Korea. The latter came in with the lowest bid last week for a power plant contract in Saudi Arabia.

The plant will have a daily capacity of 222,000 tonnes.

Siemens wins £44.5m power company deal

Siemens said it has an order totalling DM 191m (£44.5m) from the Saudi Arabian power company Saudi Consolidated Electricity, Reuter reports from Munich.

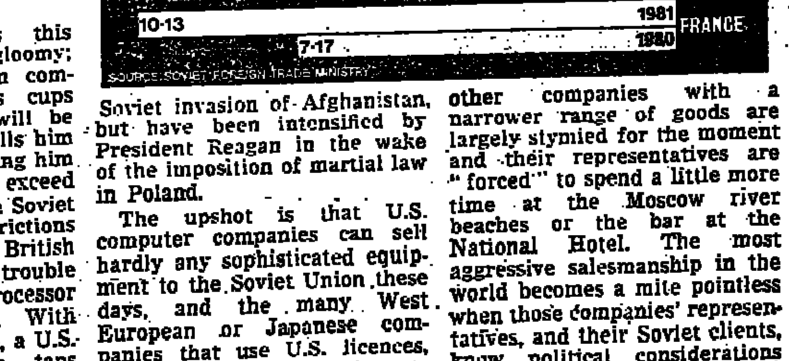
It said the order covers the building of a turnkey high tension switching plant, worth DM 155m, and the extension of two existing plants at a site 120 km north of Jeddah.

The new switching plant will come on stream in mid-1984, it added.

Political clouds present gloomy prospect for Western computer sales to Russia

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

"YOU HAVE to be an optimist if you are a Western computer salesman in Moscow", says one of their number here. "and hope the political clouds blow over soon." Soviet statistics show that imports of Western computers doubled from 1980 to 1981, but some of this handsome increase seems to stem from contracts signed last year for computers to be incorporated into the Siberian gas pipeline. These sales are now jeopardised unless Western Europe carries out its threat to defy President Ronald Reagan's sanctions.



Prospects for sales this year and in 1983 are gloomy; more than one Western computer salesman in his cups ponders how long it will be before his head office calls him home if the cost of keeping him in Moscow continues to exceed revenue generated in the Soviet Union. The present restrictions are so tight that one British company is having trouble getting a simple word processor in for its Moscow office. With an element of hyperbole, a U.S. company representative taps his pocket calculator and wonders whether even that could be legally shipped in these days.

Electronics and computers are the basis of modern weaponry, so computer companies know that many of their products will stay for years to come on the CoCom list of strategic goods which Nato countries and Japan agree to withhold from the Soviet Union. This is now undergoing its usual revision every two years. When the next version of the Paris-based CoCom list is finalised, it is expected to be much more restrictive, at the Reagan Administration's insistence.

The revised CoCom list is not due out until autumn 1983, however. The present problems stem from the fact that the U.S. has already brought the shutters down on the transfer of high technology, particularly electronics and computers to the Soviet Union. The new U.S. restrictions date from President Carter's sanctions after the Soviet invasion of Afghanistan, but have been intensified by President Reagan in the wake of the imposition of martial law in Poland.

The upshot is that U.S. computer companies can sell hardly any sophisticated equipment to the Soviet Union these days, and the many West European or Japanese companies that use U.S. licences, designs, or components are similarly hamstrung.

Many Western companies are finding it hard to keep their business in the Soviet Union ticking over by servicing or supplying spare parts for computers already shipped to the Soviet Union. Current U.S. regulations prevent the "replacement" of computer parts in the Soviet Union, they only permit the "repair" of parts if this work is carried out outside the Soviet Union.

Some Western companies do not want to go to the unrewarding and time-consuming lengths of shipping defective computer components out of the Soviet Union, with the result that a number of their machines are believed to be no longer working. Any enhancement of existing Western computers in the Soviet Union is only possible where non-U.S. equipment is ordered.

Some companies like IBM are fortunate enough to have a product such as typewriters which they can keep selling, but other companies with a narrower range of goods are largely stymied for the moment and their representatives are "forced" to spend a little more time at the Moscow river beaches or the bar at the National Hotel. The most aggressive salesmanship in the world becomes a mite pointless when those companies' representatives, and their Soviet clients, know political considerations will prevent delivery.

Ironically, those West European computer companies with contracts related to the controversial gas pipeline may be best placed. Thomson CSF, the French company, last year signed a FFr 1.8bn (£152m) contract to supply computers linking the 40-odd pumping stations along the pipeline. Though some of its computers use U.S. licensed components, it is confident that the Mitterrand Government's defiance of the Reagan sanctions will allow it to fulfil this contract.

Thomson officials are hopeful this could set a precedent to overturn the CoCom objection to the company's 1979 contract worth FFr 800m to supply Leningrad with a digital telephone exchange. They argue the logic of this is that the telephone equipment will be less high-powered than the computers for the pipeline.

Likewise, the small British firm of Rediffusion, based in Crawley, Sussex, may be well placed to fulfil its £8m contract to supply an inventory control system for the pipeline, because of the strong stand which the British Government has taken against U.S. sanctions on the pipeline.

Despite all the problems, only one Western computer company, Sperry Univac, has pulled out of the Soviet market in the past two years. Many have trimmed their offices and partially re-assigned personnel to other regional duties. But Western businessmen feel the Soviets would consider it "bad form" if they closed their offices in Moscow down now.

Some companies, like Rediffusion, have obviously done well with salesmen flying in from time to time and operating out of a Moscow hotel room, as opposed to, for instance, other British companies such as ICL and Quest Automation which have permanent offices in the Soviet capital. But once Western companies set up an office in Moscow, the Soviets expect them to stay and not to behave like fair-weather partners.

Western companies know that getting re-established in Moscow is very time-consuming —it took ICL four years (1967-1971) to get their office accredited with the foreign ministry—and fear that by pulling out for a period they might lose Soviet goodwill which they could never recoup. This is one reason why the Western companies have hung on in Moscow.

The more substantive reason is the Soviet market's potential. With a growing labour shortage in the Russian and northern republics, increased automation has been made a prime goal of the 1981-85 plan. The Soviet Union is making big efforts to build up its own computer production. But with less than 50,000 computers in use, compared with nearly 750,000 in the U.S., the Soviet Union is "vastly under-computerised," says one Western salesman here.

A pragmatic policy for revival

Arthur Smith looks at the ambitious hopes of a county enterprise board

West Midlands: REGION IN RECESSION

MR GEOFF EDGE is ambitious for the West Midlands Enterprise Board. A former minister in the last Labour Government, now chairman of the county's economic development committee, he sees the board as the means of forming a new relationship between the public sector and private capital.

He believes the West Midlands can give a national lead in providing the risk capital to save many potentially profitable companies from collapse. But he admits the board must "walk a tightrope."

On the one hand, he argues, there is the risk of doing exactly the same thing as the private sector. On the other, there is the temptation to indulge in social investment—"providing jobs for the sake of it."

"We take a commercial view of the projects. If a company is not viable in the long term then we do not want to know. The council must not be seen as a charity."

The emphasis will be on medium and large companies. Mr Edge says research showed the greatest job losses occurred in large companies and small companies could play only a small part in compensating for such a run down.

Mr Edge, a research fellow at Birmingham Polytechnic specialising in regional economic initiatives, says the Labour Party should not "be hamstrung by the economic planning nostrums of the 1960s."

Economic planning tended to be too long-term, normative and not backed up by executive action. The West Midlands county, faced with problems of climbing unemployment and structural change, would take a maximum five-year view, and implement a pragmatic and interventionist policy.

The first priority was to draw up an industrial strategy for reviving investment and employment. Detailed practical research would be undertaken in particular sectors with the aim of helping to restructure and strengthen manufacturing. Work was already under way in the foundry industry, he said.

The board as the principal agency for the strategy has only recently been appointed. There are six county councillors, including Mr Alan Hope, the Conservative Leader of the Opposition.

The four outside directors are Mr Geoffrey Robinson, Labour MP for Coventry North West, Mr David Alden, a senior manager with Inmos, Mr Ken Thomas, formerly general secretary of the Civil and Public Services Association, and Sally Kelner, a member of the secretariat of the National Economic Development Office.

Mr Edge maintains it is only a question of time before the confidence of the private sector is won. He points to the board's first deal under which Sage Aluminium, a castings company, was prevented from collapse with the saving of 140 jobs.

The board put up £450,000 of ratepayers' money as equity, with the Northern Bank Development Corporation taking another £100,000 stake. Barclays and its merchant bank also provided finance. For every £1 put forward by the enterprise board, the private sector provided £2, Mr Edge said.

He said that with another three deals likely to be approved by the end of September, the board was on target to save or create 5,000 jobs a year.

He acknowledges that against the present rapid run down of the region even such achievements would not stem the loss of jobs.

"There is no way the enterprise board on its own can reflate the economy."

But Mr Edge insists the board does have a pioneering role not met by the private sector. He says the board is prepared to take a long-term view of its investments — to provide the necessary equity capital rather than a loan to help a company over short-term problems. Many companies in the West Midlands might be hit by short-term financial problems but had good markets and long-term profitability.

The true test for Mr Edge and his board will be the extent to which it is able to fund risk investment. So far it has been voted about £3m of ratepayers' money.

But Mr Edge continues to express confidence that agreements will soon be reached with important pension funds to allocate money for investment directly by the enterprise board. The board is asking for allocations of £1m or 1 per cent of the pension fund.

Mr Edge is recruiting a team of professionals he hopes will create the confidence to bring forth such commitments.

The results will not only determine whether Mr Edge's ambitions for the enterprise board are achieved. His views on what he argues is a new financial agency are being fed into a report to go before the Labour Party conference and could become official policy for a future Labour Government.

Liberals voice Alliance worries

BY PETER RIDDELL, POLITICAL EDITOR

FURTHER tensions within the Social Democratic Party-Liberal Alliance surfaced yesterday in a leader in Liberal News, the party's official newspaper, questioning whether Mr Roy Jenkins should be the Alliance's candidate for Prime Minister at the next General Election.

The article says it is important that the Alliance should appoint the right leader soon. It points out that Mr Jenkins is not the man most likely to get the job if the national media are to be believed, but it notes that Mr David Steel is strongly preferred by most potential Alliance voters, according to a recent Mori poll.

The poll "signals the need for a complete reappraisal of the situation. The public seems to prefer Mr Steel, whose popularity has always been high in the charts. He could be the very man to put the Alliance back on top again," the leader article argues. These doubts are likely to surface at the Liberal conference next month.

The leader stresses the need to make the Alliance work and to overcome the friction which has built up over the allocation of parliamentary seats.

SDP and Liberal leaders are hoping that the SDP's Mr Gwynoro Jones will come at least a good second, if not win, the Gower by-election on September 16, and that this will boost the Alliance's momentum after recent flagging ratings in the polls.

Leaders of both parties hope that after the by-election the revival of public appeal will be continued at their conferences and an autumn campaign culminating with a rally in the Albert Hall.

Liberal News tries to answer the many sceptics about the Alliance within the Liberal Party by pointing out that the Alliance's rating is still much healthier than either the Liberals or the SDP standing alone.

The latest issue contains several articles highlighting the friction which has arisen over the distribution of parliamentary seats between the party and the SDP in, for example, the Dulwich and Hackney South and Shoreditch constituencies.

The paper also confirms that Mr John Alderson, the former Chief Constable of Devon and Cornwall and a prominent advocate of community policing, has become an approved Liberal candidate.

Mr Alderson said that he intends to apply for the new seat of Teignbridge in Devon which will be created after boundary changes. He is very likely to be selected as candidate for the seat, which is high on the Alliance's list of possible gains in the West Country.

Caledonian may offer more seats to Paris

By Michael Donne, Aerospace Correspondent

THE Civil Aviation Authority has given British Caledonian Airways permission to increase the number of seats on its Gatwick-Paris services. However, the extra allocation is still subject to French Government approval.

The overall London (Heathrow and Gatwick) to Paris route is shared by British Airways, British Caledonian and Air France. During the financial year to March 31 1983, British Caledonian will be allowed to increase its share of the capacity offered from 12.5 per cent to 13 per cent.

Further modest increases will be allowed in each of the following three years.

The Civil Aviation Authority says the rises, although small, should enable British Caledonian to run seven flights a day each way on summer weekdays, while maintaining present summer weekend frequencies and safeguarding next winter's planned timetable.

British Caledonian is now operating bigger versions of the One-Eleven jet airliner on the route, and is anxious to increase its load on these aircraft.

The airline has also set up a specialist unit at Gatwick to deal with the growing number of "commuter airlines" using the airport.

The unit includes aircraft stands, buses to take passengers to and from the main terminal building and an operations centre.

British Caledonian deals with several commuter operators at the airport, including Genair (with services to Liverpool and Leeds/Bradford); Metropolitan Airways (services to Bournemouth); and Brymon Airways flying to Plymouth, Birmingham and the East Midlands). Negotiations are in progress with other regional airlines.

● Eastern Airways, the regional airline based on Humberside airport, is to buy three more Short SD3-30 twin-turbo-prop commuter airliners at a cost of about £3m to add to its fleet of two such aircraft.

One of the additions is an aircraft from Short Brothers of Belfast while the others are being bought from a regional operator in Canada.

Flight crews and ground staff will be increased creating up to 40 new jobs, while the Eastern passenger target for 1983 is set at 100,000.

● A new "microlight" aircraft, costing only £4,200, and using a two-stroke, 45 hp engine which burns two gallons of fuel an hour, was unveiled yesterday at Oxford Airport, Kidlington.

Called the Dragon, it is made by Dragon Light Aircraft Company, a subsidiary of British Air Ferries. The Dragon, a two-seater, will be marketed by CSE Aviation of Oxford, and will be used by CSE's Oxford Air Training School.

Lord Waterpark, sales director of CSE Aviation, said the Dragon was the answer to the high cost of learning to fly

Signal Life case defendant's assurance

THE solicitors for Mr Tony Carroll, a defendant in the legal proceedings brought by the Hongkong and Shanghai Bank Trustee (Jersey) against the Gibraltar-based life company Signal Life Assurance and others, said that he had assured the High Court of his willingness to provide any information it may require concerning his involvement in the matter.

Mr Carroll was a director of Signal Life Assurance from June 8 until July 29 this year.

The Hongkong and Shanghai Bank Trustee (Jersey) is the trustee for two guaranteed income bonds contracts issued by Signal Life Assurance where, according to the prospectus, investment was to be made in gold production in a mine in the Yukon.

Last week, in its capacity as trustee, Hongkong and Shanghai issued a writ against Signal Life Assurance, the UK marketing company Hanover Financial Services and its managing director Mr Patrick Curran, and five other defendants, including Mr Carroll.

The writ sought from the defendants an account of the investments made in the bonds, together with seven other claims including damages for breach of trust and/or breach of fiduciary duty.

SDP launches campaign for PR electoral system

BY PETER RIDDELL

THE Social Democratic Party claimed yesterday that the SDP/Liberal Alliance would have obtained 1,300 seats in the May 1982 local elections, rather than 470, if the number of seats won had been proportional to the votes cast.

The figures will be used by the Alliance as part of its campaign for proportional representation, which will form a major part of its general election campaign.

Mr John Cartwright, MP, chairman of the SDP local government sub-committee, described the present electoral system as 'absurd and indefensible.'

He pointed out that in Greater London, for example, the Labour Party took a majority of votes in only four boroughs, and yet has outright control of 12 borough councils. The Conservatives won a majority of votes in only eight boroughs and have outright control of 17.

Outside London, according to Mr Cartwright, the Labour Party could muster half the votes cast in only four of the 36 metropolitan district councils, and yet won half or more of the seats in 22.

Mr Cartwright said: "The Alliance achieved a substantial vote in every council fought and an overall average of 28 per cent, but the Alliance won only 10 per cent of seats, and in many areas no seats at all, with 25 per cent or more of the vote."

The figures also provide a revealing indication of which parliamentary seats could be the most attractive for the Alliance at the next election, though the areas covered by local government boundaries are frequently different and larger.

The Alliance candidates performed best relative to the other parties in the May elections in Milton Keynes, Cambridge, Congleton in Cheshire, and Halton in Cheshire, Eastbourne, Hastings, Richmond in London, Rochdale, Hart in Hampshire, Leominster, Hereford, Wye Forest, Stevenage, Scunthorpe, Maidstone, Pendle in Lancashire, West Lindley in Lincolnshire, Liverpool, Shrewsbury, and Adur in West Sussex.

The best prospects are generally in the southern part of the UK.

320 in fabric fair

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

FASHION Fabrex, the international cloth and fabric fair, has attracted 320 companies to its exhibition at Olympia, London, in October.

The idea behind the bi-annual show, which has grown in importance since its 1979 launch, is to back British fabric producers and 213 of those at Olympia will be UK concerns.

British companies taking space include Salts of Saltaire, parts of the Illingworth Morris group, Lister, Carrington Viyella and Courtaulds.

The International Wool Secretariat, the British Wool Marketing Board and the Scottish Woollen Publicity Council will also attend.

The growing list of overseas competitors is led by a 23-strong contingent from Austria with Germany (15 companies), Italy (14), Portugal (12) and France (10) prominent among the others.

Proof 20p coin fully subscribed

THE ROYAL MINT has announced that the 20p coin proof piedfort issue has been fully subscribed.

Unlike the circulating version of the 20p coin, the piedfort was struck using coin blanks of double thickness made of sterling silver. Only 25,000 piedforts were authorised and the entire issue was quickly taken up by collectors.

However, it is still possible to obtain a proof version of the 20p in cupro-nickel in the 1982 UK coin collection.

Securicor aims at 'carphone' market

BY JAMES McDONALD

SECURICOR, better known for its cash-in-transit and express parcels activities, is starting a drive for a dominant share of the car radiotelephone market, which it believes has a big growth potential.

The company is selling a range of in-car communications equipment directly to the public. It has been operating a carphone showroom in Birmingham since November and yesterday opened a London showroom in Chelsea.

Securicor estimates that about 30,000 people in Britain have two-way radio in their vehicles. It claims to operate the UK's largest private communications networks. More than 5,000 of its own vehicles are linked by radiotelephone to its national network of 33 control centres: about 5,000 other radiotelephone users—hauliers, salesmen, maintenance engineers, business and professional people—use Securicor's Relayphone system.

The company provides direct speech facilities to subscribers as well as selective calling and other services, including connection to the public telephone system in many areas.

British Telecom operates a slightly larger subscriber radiotelephone service, based in nine areas of Britain, with an estimated 2,000 to 3,000 subscribers in the London area and a similar number elsewhere. Demand, in London particularly, is much larger than can be satisfied by British Telecom with its present allocation of radio frequencies.

This demand should be satisfied when British Telecom starts operating radiotelephone services on much higher frequencies. This will require a completely new technology and the introduction of services on the new wavebands is some years ahead, British Telecom said yesterday.

Investment consortium to revive textile printers

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

STRINES, one of the oldest names in the textile printing industry, has been revived seven months after its parent group, Tootal, announced the closure of the Stockport company.

A consortium of four investors, all of whom once worked for or were associated with Strines, has bought the company with support from Midland Bank Industrial Finance.

Midland is putting up £450,000, including a 45 per cent equity stake, in the re-established business, which is to trade under the name Strines Textiles.

The consortium four who have put up the balance of the equity are Mr Khaled Azmeh, the head of a textile merchanting house in Manchester, who will be chairman, Mr Stewart Schofield, Mr D. R. Gardner and Mr D. J. Hardy. Each will take on executive role in the company.

Strines was set up in 1794 and has been a leading European company since in printing apparel. Mr Schofield said yesterday the company had a high reputation in its field. At one time it printed about 20m metres of cloth a year. British printing last year was about 150m metres.

Mr Schofield said: "We believe it important the company should continue, because there is a shortage of printing capacity in this country. Much of our printed work comes in from Western Europe. Although the Far Eastern countries are blamed for much of the rise in textile imports, about 70 per cent of our imported printed fabric actually comes from Western Europe."

Strines was part of the Calico Printers Association for years. It came under Tootal control when taken over in 1975.

All four Strines Textiles consortium directors were once part of the CPA and then Tootal, though it is five years since any worked for Tootal.

When Tootal announced the closure of Strines in January the company employed about 600 people. The new Strines, registered on August 2, employs 150.

Mr Schofield said: "We would be foolish to start talking of astronomic figures at the moment but with so much printing going out o fthis country we believe we have the basis for a sound company and one which has potential to expand.

"Many of the smaller printers have good machinery but they do not have the wide range of machines we have in Stockport. This should give use a good start."

When Tootal announced the closure of the works it blamed a fall in demand for printed fabrics, erosion of cash margins and growing imports.

Outside observers always suspected the closure had more to do with rationalisation of Tootal rather than because of inherent or unmanageable problems in printing.

Tootal has been involved in enormous reorganisation over the past four years. This has seen its UK workforce alone contract from about 20,000 in 1978-79 to nearer 9,500.

It has also changed management. In May it said the headquarters of its threads division, which accounted for 54 per cent of Tootal's pre-tax and interest profits last year, was to be moved from Manchester to the U.S.

The Strines factory was closed by Tootal at the end of June though Mr Azmeh and his colleagues had been talking to Midland for months.

Strines Textiles will re-establish its traditional role as a commission print and dye-works to the merchant converting community of the textile trade. It is this group which has looked increasingly to Western Europe.

Caterpillar to cut 350 jobs

BY LISA WOOD

CATERPILLAR TRACTOR, the world's largest maker of earth-moving equipment, plans to cut a further 350 jobs at its Uddington factory in Lanarkshire, Scotland.

The redundancies, to be made by November, mean the company will have virtually halved its workforce within 12 months in an area where unemployment is over 17 per cent.

Last year about 850 voluntary redundancies were made in the 2,400-strong workforce. The company said the cuts at the plant, which at its peak two years ago exported 90 per cent of production, had been postponed in the hope of improvements in the market. There were no indications of improvement, however, even to the first and second quarters of 1983.

Last night workers said they had put forward a plan that would save the jobs. It involved putting the plant on a seven-day fortnight of four days one week and three days the next.

Mr John Gillen, deputy chairman of the shop stewards, said the company had promised to give the plan "serious consideration."

● Gestetner Holdings, the copier and duplicator manufacturer, is to close its manufacturing operation in Copenhagen, Denmark, with the loss of 700 jobs. This will reduce its total Danish workforce to 500.

Mr Douglas Haunch, Gestetner's financial director, said: "We are discontinuing the development and manufacture of plain-paper copiers, which makes up most of the activity in Copenhagen.

"We have decided it is better to source them from Japan; we have been importing copiers from there for more than a year."

In June the company announced it planned to reduce its 2,000-strong workforce at its main factory in Tottenham, North London, by 500. About 200 of these redundancies are because of a decline in the stencil duplicating market. The other 300 are the result of re-designing machinery. No further redundancies were planned.

● The London Electricity Board (LEB) is transferring nearly 400 jobs to the Brixton area of South London as part of a re-organisation of its 10 district depots in London into five divisions.

Mr Malcolm Saunders, deputy secretary of the LEB, said the Wimbledon depot was to close. Operations would be combined into a southern division in Bengeworth Road, Brixton.

Scots areas compete for enterprise zone status

By Mark Meredith, Scottish Correspondent

COMPETITION is intensifying between areas for nomination as Scotland's third enterprise zone.

Mr George Younger, Secretary of State for Scotland, announced last month that one of two new zones allocated to Scotland would go to Invergordon, following the closure of British Aluminium Smelters and the loss of 890 jobs.

Scotland has an enterprise zone at Clydebank, near Glasgow.

Dundee was among the most vocal claimants to enterprise zone status. The city council's proposals go before Tayside Regional Council for discussion tomorrow.

The regional council is considering a rival bid from Arbroath, which has similar unemployment problems.

What may count against Dundee is the recently-announced £39m scheme co-ordinated by the Scottish Development Agency to encourage new industry.

Dundee has suffered the decline of the jute, shipbuilding and food indusries. Timex, with 5,000 employees, is now the main private employer.

The Scottish Office has given local planning authorities six weeks more to submit their applications to be enterprise zones.

While no applications have been submitted formally, 15 local planning authorities have contacted the Scottish Office for further details.

Among other potential candidates are the Leven area of Fife and Inverclyde in the West.

The Inverclyde proposal, which would involve Renfrew and Cunninghame district councils, reopens long-standing suggestions for an enterprise zone or Customs-free area round Prestwick Airport.

The airport has been hit in the past year by the failure of Laker Airways and withdrawal of British Airways flights.

The airport authority and the district and regional councils have sought ways to stimulate new business for Prestwick.

Seddon in talks with buyers

BY JOHN GRIFFITHS

SEDDON ATKINSON, the Oldham-based heavy truck producer, has begun talks with several potential buyers, following the announcement by its parent, International Harvester at the end of last month that it was pulling out of truck-making in Europe.

IH, grappling with losses expected to reach $1bn this year, announced that as part of its survival strategy, truck-making would be confined to North America. The future of Seddon Atkinson, which is acquired in 1974, was "under study." IH said later it would be sold off.

Seddon lost £9½m last year. The brief reference to it in IH's Chicago statement sent dealers and suppliers scuttling to the phone to find out what Seddon's future was, or whether indeed, it had one.

Gerry Woodhead, Seddon's finance director, issued a statement that there was "no intention" of pulling down the shutters. There was the possibility of a joint venture, or even of a takeover, he said.

Given the fiercely depressed state of the European truck market, it was perhaps not surprising that many people leapt to some conclusions about Seddon's prospects.

But Seddon has not cost IH money, except in so far as it has received no dividends since paying £10m for Seddon's 16m ordinary and 83,000 preferred shares — virtually all those authorised—in 1974.

"We are not financially dependent on International Harvester." Mr Woodhead firmly declared.

Seddon is in the process of introducing new truck ranges which began with the 401 premium heavy duty series last year and which will extend down to the 16-ton range, with other new models—nine trucks in all—in the near future.

The next two in the range will be launched next month. The investment and tooling in them is already paid for out of retained profits from the boom years of 1978 and 1979.

Seddon's financial year does not end until October. Mr Woodhead said the results would show "a substantial improvement" over 1981. The £9½m loss for that year included £2.2m in extraordinary costs, covering the closure of production at Preston and 800 redundancies.

"We did all our cuts in one go last year, when it became apparent that the recession was not going to end quickly."

The company's loss last year compares with one of just under £1m in 1980. Prior to that Seddon had been well into profit virtually throughout its ownership by IH: £8.6m in 1979, nearly £3m in 1977.

Net current assets have dropped from nearly £24m in 1980 to £13.857m. However, bank borrowings have fallen consistently over the past three years and at £2.6m last year were little more than half the 1979 level.

The measures which Seddon took last year to bring output into line with demand were draconian. Its capacity was halved as was the work force, to about 1,100.

But the state of the market made the changes necessary. Seddon makes trucks only in the 16 tons and above sector, and demand for these has fallen from 27,000 in 1979 to 17,781 in 1981, with a slight upturn to 20,000 predicted for this year.

Seddon's own output has dropped from 4,717 in 1979 to 2,943 in 1980, and just under 2,000 last year. So far this year it has delivered about 1,200 trucks and expects to end the year with about 2,000.

Mr Woodhead admitted that, if the trucks recession was prolonged Seddon would bleed to death—a concern shared by almost every other truck maker.

It appears, therefore, that IH's wish to dispose of Seddon does not mean it as a case of an outsider stepping in to pick up the pieces.

The question remains—who might be interested in buying Seddon. With over-capacity still rife, and markets depressed, buyers are thin on the ground. Seddon will not be drawn on possible suitors, although the company admitted there were not many potential partners in the UK. The most suitable candidate would appear to be a larger European maker, lured by Seddon's reputation as a premium quality truck maker and its 70-strong distribution network in the UK.

Mr Bob Johnson, managing director, sai dthe most sensible marriage would be with a manufacturer of light and medium weight trucks to which Seddon's heavy duty output would be complementary.

Seddon appeared confident that the timing of IH's planned disposal was not a pressing issue. Its work force, after the initial dismay caused by the Chicago anouncement, has been reassured.

Apart from its use of IH engines—though other proprietary ones are optional—Seddon has derived no economies of scale on other components through IH. An end to its present relationship with IH, therefore would not have much impact in this field.

Mr Woodhead said Seddon would be wary of a "fly by night entrepreneur," as a partner.

Not without reason. Seddon has experience in this field. In 1974, Seddon's directors agreed to the acquisition by IH to avert a takeover by a consortium better known for its property and asset recovery interests.

Seddon's approach to its likely relationship with another large truck company appeared to be pragmatic. It was willing to extract any advantages on joint components which might be available, but not content to become just another Eurotruck.

Its strength has been at the premium end of the market, and it has always been in close touch with customers and willing to custom build for particular requirements.

However, Mr Johnson acknowledged: "We still need a big brother back-up. On the kind of volumes specialist we have, no one can afford the investment costs needed to develop a new truck every six or seven years on their own.

He was also not worried about the risk of Seddon vehicles losing their identity and becoming a "Eurotruck."

"I think any prospective purchaser would recognise that we are seen as local company, which is why we are badged as Seddon Atkinson and not International Harvester.

"Sure there might be economies of scale in taking the trucks and putting them on maybe more efficient lines in, say, Germany. But there would be an awful backlash form our, British, customers."

Volvo (Truck and Bus) becomes UK company

BY JOHN GRIFFITHS

VOLVO (Truck and Bus), the manufacturing and assembly subsidiary of Volvo (Trucks) Great Britain, has been reclassified by the Society of Motor Manufacturers and Traders as a UK manufacturer.

Volvo's plant, at Irvine, Ayrshire, produces about 2,000 heavy trucks a year, of which a substantial number are exported.

It uses a blend of British and Swedish manufacturing techniques and has its own design and proving facilities in Scotland

Over the past two years, Volvo has placed increasing emphasis on the growing UK component content of both its UK and Swedish-built trucks, and its car ranges.

Last year, it claimed that its component purchases from British manufacturers had for the first time exceeded £100m in a single year.

Recession hits entries at commercial motor show

BY JOHN GRIFFITHS

TH ECONTINUING recession in the commercial vehicle industry is having a marked impact on the Society of Motor Manufacturers and Traders' commercial motor show, which takes place with the cars exhibition at the National Exhibition Centre, Birmingham, in October.

The number of commercial vehicle manufacturers taking space at the show is down to 26, from 31 in 1980, while the effect on manufacturers of trailers and specialist bodywork is even greater.

About 35 companies in these sectors have booked space, against nearly 50 two years ago.

Two of the leading semi-trailer manufacturers, Crane Fruehauf and York Trailer, will not exhibit, for the second commercial vehicles show in succession.

The trailer industry has been particularly badly hit by the recession.

BP's Buchan field stake to be cut

BY RAY DAFTER, ENERGY EDITOR

BRITISH PETROLEUM is about to lose a major producing interest in the Buchan oilfield in the North Sea.

The company confirmed yesterday that as a result of the final redetermination of the field's reserves the BP-led consortium's stake in Buchan was being reduced from 94.866 per cent to 90.763 per cent. This was because Texaco's interest has been raised from 5.134 per cent to 9.237 per cent.

Buchan's oil reserves straddle the boundary between two licence blocks, concession 21/1a, held by the BP-led consortium, and 20/5a, held by Texaco. After Texaco drilled a well last year it was found that a larger proportion of the Buchan reserves than was originally thought lay in block 20/5a.

Both BP and Texaco said they were continuing to exploit Buchan on the understanding that ultimate recoverable reserves will be at least 50m barrels.

Production performance since the field was brought on stream in May last year, however, has been highly encouraging. Partners in the venture believe that ultimate recoverable reserves will be at least 65m barrels.

Energy consultant Gaffney, Cline and Associates has estimated, on behalf of one of the Buchan partners — Goal Petroleum—that the field could ultimately yield 113m barrels of oil. This estimate makes allowance for possible reserves still to be evaluated.

BP's share of production will soon be hit by a further revision of interests. When BP acquired its original 54.16 per cent interest in Buchan in 1977, it did so on the basis that its share of production would be halved once it had recovered its portion of the field's development costs. It is understood that it will have recovered its costs through production revenue next year.

Half of BP's production interests will then revert to companies directly or indirectly involved in the 1977 licence deal—Charterhall, Clyde Petroleum, Goal Petroleum and Tricentrol.

BP's original stake in Buchan was reduced to 51.39 per cent in 1980 and further reduced this year. Present interests, with previous interests in brackets, are: BP—49.16 per cent (51.39 per cent); Transworld Petroleum—12.71 per cent (13.28 per cent); Sulpetro—12.71 per cent (13.28 per cent); St Joe Petroleum—12.71 per cent. (13.28 per cent); Texaco North Sea—9.24 per cent (5.13 per cent); Goal Petroleum—2.27 per cent (2.37 per cent); Lochiel Exploration —0.9 per cent (0.95 per cent); Charterhall—0.3 per cent (0.32 per cent).

Since 1977, there have been a number of changes in licence holders.

Consequently when BP's stake is halved to 24.58 per cent—the production interests will be assessed on the following basis: BP—24.58 per cent; Transworld, Sulpetro, St Joe Petroleum and City Petroleum 12.71 per cent each; Texaco—9.24 per cent; CCP North Sea (a Tricentrol subsidiary)—5.76 per cent; Goal Petroleum — 4.54 per cent; Charterhall — 4.14 per cent; Lochiel Exploration — 0.9 per cent.

Cellulose market war threatens 650 jobs

BY SUE CAMERON

BRITISH SIDAC'S planned closure of its cellulose film factory at St Helens on Merseyside marks another stage in the long market battle between traditional, natural materials and their newer, synthetic competitors.

British Sidac—part of the Belgian-based UCB Investments group—proposes to shut the plant, which has an annual capacity of 12,000 tonnes, in November with the loss of 650 jobs unless there is improvement in the prospects for cellulose film.

The chances of that happening seem slim. And it is not just the recession that is to blame. The real enemy is the much cheaper polypropylene plastic film.

Polypropylene plastic film, made from oil, has been making steady inroads into the cellulose film market in the UK for over 10 years. Cellulose is made from wood pulp.

Yesterday British Sidac announced pre-tax losses of £871,000 — after extraordinary items—for the first six months of this year. During the same period last year the company made a pre-tax profit of £150,000.

The rival plastic and cellulose films are used for packaging, mostly of foods. Sales of the traditional cellulose film in the UK peaked in 1969 at over 50,000 tonnes. Today British Sidac reckons the total British market for cellulose film is between 28,000 tonnes and 29,000 tonnes a year. And volume sales could well drop further.

British Sidac has been making cellulose film since the early 1930s and it was not until the late 1950s that it first found its market challenged by polypropylene producers. Today it estimates that polypropylene plastic film holds 54 per cent of the UK market in which it competes.

The main reason for the advance of polypropylene film is that it is cheaper than cellulose. It goes about 40 per cent further because it can be made thinner without a corresponding loss of the strength. As a result it sells for as much as 40 per cent less than cellulose per tonne.

There used to be three major UK producers of cellulose film — British Sidac, Transparent Paper and British Cellophane, a subsidiary of Coutraulds. In the spring of this year Transparent Paper shut its plant at Bury in the North West.

Polypropylene—the newest of the five main plastic materials and one with the greatest projeced growth rates—is continuing its market growth.

British Sidac has traditionally exported about 50 per cent of its production. One of its important overseas markets has been Australia. But the UK company reports that one polypropylene film plant has been opened in Australia and another is due to open at the end of this year.

Mr Frederick Warren, managing director of British Sidac, admits that cellulose film is "an ageing product." He recalls the time "when you used to be able to take the wrapping off the biscuits and get at them without totally crushing the packet like you do now because plastic film has largely taken over that particular market."

But Mr Warren does not think the market for cellulose film will disappear.

"We believe there will be a residual market for it, though how large it will be is hard to say," he said. "Cellulose film is particularly strong when it comes to packaging things like pork pies because you can control the air and moisture getting to the product. Cellulose is more breatable, if you like."

British Sidac has another 10,000-tonnes-a-year cellulose film plant at Wigton in Cumbria. It intends to keep this open.

British Rayophane in the red, Page 17

Hebrides shipyard deal may save jobs

By Duncan Campbell-Smith

HUNDREDS of jobs could be saved in the Hebrides following successful conclusion yesterday of negotiations over ownership of Lewis Offshore, a small shipbuilding venture which closed last month with loss of 400 jobs.

The company's Arnish Point building yard is owned by the Stornoway Trust and was assigned in 1974 on a 60-year lease to Fred Olsen, the parent company of Lewis Offshore.

The trust gave its approval yesterday for the lease to pass to Heerema Engineering Services (UK), a subsidiary of the major privately-owned Dutch engineering group.

Heerema indicated that work on a cargo barge would begin at Arnish in the near future, providing immediate jobs for 150.

The Stornoway Trust's approval was confirmed after an hour-long meeting in Stornoway. The Dutch group made clear at the meeting its acceptance of certain conditions on transfer of the lease, including a review every three years of the annual rent, presently £30,000.

Negotiations over the transfer of the lease have taken longer than at first expected. They appear to have done little to dissipate an acute sense of disappointment in the Hebrides over the fortunes of the Lewis Offshore company under its previous ownership.

Mr James Macrae, chairman of the Stornoway Trust, said he looked forward to recommencement of work at the Arnish Point yard.

"We also hope that Heerema will remain for many years, unlike Fred Olsen, who asked for a 60-year lease and have now relinquished it after only eight years," said Mr Macrae.

Boyd urges Boilermakers Society to reject merger with GMWU

BY JOHN LLOYD, LABOUR EDITOR

LEADERS of the Amalgamated Union of Engineering Workers have taken the unprecedented step of appealing to rank-and-file members of the Boilermakers Society not to merge with the General and Municipal Workers Union—in spite of the society executives' call to do so.

Sir John Boyd, the AUEW general secretary, said yesterday that the terms offered by his union were extremely generous, at least equalling those offered by the GMWU.

"I would sincerely hope that the working class acumen which the Boilermakers share with our own members would cause them to challenge this unfortunate decision," he said.

Mr David Basnett, general secretary of the GMWU, told members of his union in Nottingham last night that he was "amazed" by Sir John's statement.

"The issue has been considered very carefully by both unions over a period of time and members of both are about to hold a ballot. I hope Sir John is not trying to influence the result of that ballot," he said.

The AUEW believes that the Boilermakers' executive will put the issue out to a ballot vote of its 120,000 members before its biennial delegate conference in October. That conference has twice before rejected a merger with the GMWU.

Sir John is to issue a letter to all AUEW officials later this week detailing the terms offered by his union, with the explicit intention of influencing the Boilermakers to reject the amalgamation in the ballot.

In a letter to Sir John from the society's executive earlier this month, a transfer of engagements to the AUEW is rejected because such a move would not involve a ballot among the AUEW's 1m members.

Under the deal with the GMWU — which is for a full amalgamation rather than a transfer of engagements—both unions will conduct a ballot.

Sir John said that such a move, given the disparity of size between the AUEW and the GMWU on the one hand and the Boilermakers on the other, was pointless.

The letter to AUEW officials records that the engineers union had offered three seats on its seven-man executive to the Boilermakers. One of those, to be taken by the Society's general secretary, would lapse after his retirement.

The society would retain its headquarters in Newcastle, its own resources, its biennial conference and its own executive. Officials would receive either their own rates of pay or those of the AUEW, whichever was the higher.

The society would also have between 30 and 35 seats in the 91-strong national committee, the AUEW's policy-making body.

Civil Service unions voice Megaw doubts

BY PHILIP BASSETT, LABOUR CORRESPONDENT

CIVIL SERVICE union leaders agreed yesterday not to hold even informal talks with the Government on the findings of the Megaw inquiry into their pay until all nine unions involved have reached firm conclusions on the inquiry's outcome.

This marks a significant drawing back by the unions from a previously-agreed position that they would hold "ground-clearing" talks on the Government's inquiry into the pay system of Britain's 530,000 civil servants.

The decision to hold no such informal talks without commitment or other forms of discussions short of actual negotiations on Megaw was reached by the major policy committee of the Council of Civil Service Unions.

The position will be maintained until the unions decide a final CCSU stand on Megaw. These will not be formally agreed until the next full meeting of the CCSU, due in October.

In the meantime, papers from individual unions on the report's findings will be circulated to allow time for full consideration of the complex issues involved.

In particular, a CCSU paper on the Megaw inquiry, details of which were disclosed in the Financial Times yesterday, has been put into abeyance.

The document accepts a number of Megaw's central points, including its insistence on a greater role for market forces in determining Civil Service pay, and acknowledges that industrial action will not shift the Government from its use of cash limits to regulate pay increases.

Disclosure of the paper's conclusions caused union leaders considerable embarrassment yesterday. It was stressed that the paper was a record of what were very much preliminary thoughts by constituent CCSU unions on Megaw's findings.

Yesterday's meeting made no changes in the wording of the document. However, the policy committee decided not to either endorse its conclusions or refuse to endorse them, but left it lying on the table.

The decision not to press ahead with any kind of informal talks on Megaw is a victory for the more militant CCSU unions, which have been thinking of refusing to co-operate completely with Megaw, and a blow to those moderate unions which would like to begin to move towards a new settled pay system for the Civil Service.

Right-wing coup ousts Ken Gill

By Our Labour Editor

A SENIOR left-wing TUC General Council member has been removed from chairmanship of a major union committee in a right-wing coup.

Mr Ken Gill, general secretary of the white-collar engineering union AUEW Tass, has been replaced as chairman of the aerospace committee of the Confederation of Shipbuilding and Engineering Unions by Mr Jack Whyman, a member of the executive council of the Amalgamated Union of Engineering Workers.

The vote to replace Mr Gill, taken during his absence on holiday, went through the CSEU executive last week on the slimmest of margins, by 11 votes to 10.

The AUEW is the dominant union within the CSEU, and can usually dictate the chairmanship of committees.

But, while relations between it and the white-collar section have been glacial for some years, Mr Gill's retention of the aerospace committee's chairmanship had been thought secure under a "gentleman's agreement".

Both Tass and the AUEW claim to be the major union in the aerospace industry. Under Mr Gill's chairmanship, the committee had recently begun to campaign against the threat of redundancies in British Aerospace, and has for some time pushed for investment in a new generation fighter—the P110 —and a larger share of the A320 Airbus.

Senior Tass officials are both surprised and angered by the vote, and yesterday predicted that it would cause dissension within the confederation, and at shop steward level within British Aerospace.

They said that Tass might in future place more emphasis on pursuing its members' interests through direct negotiations with the employer — while remaining involved in CSEU campaigns.

Power station to reopen

BERKELEY nuclear-power station, Gloucestershire, should produce electricity by the end of the week for the first time in more than a year, the Central Electricity Generating Board said yesterday. Its number-one reactor was shut down for repairs in March, 1980, after tiny weld cracks were found in routine inspection.

The Nuclear Installations Inspectorate has given permission for the reactor to reopen. It is expected to be operating by the end of the week, said Mr Terry Pratchett, of CEGB, Bristol.

The reactor will not be at its full 130 mw load, however, because two of its eight gas-coolant circuits are still shut off. It will probably operate at about 90 mw.

IRA suspects freed as husband retracts evidence

FIVE MEN facing IRA terrorist charges were discharged from a Belfast court yesterday when the husband of a kidnapped mother-to-be withdrew what he had said to police while in custody.

The men were freed from Belfast's Crumlin Road Courthouse when Robert Brown, himself facing IRA terrorist charges, withdrew his statements.

Mr Brown's wilfe Fiona, who expecting her first child next month, disappeared from her home in West Belfast over a month ago, just four days after her husband was detained following a car chase and bomb explosion in Belfast.

A few days later her husband was charged with being a member of the IRA, conspiring to cause an explosion, and conspiring to murder mebmers of the security forces.

An affidavit signed by Mr Brown and presented in court said that statements by him implicating the five men were untrue and had ben obtainedj under police pressure.

The document was forwarded to the office of the Director of Public Prosecutions, and a lawyer for the DPP told the court that all chrages facing the accused were withdrawn.

Thomas Quigley, John Savage, Robert McFall, Patrick Donnely and Daniel McCann, had all ben accused of membership of the IRA and conspiracy to cause explosions.

Today's brief court hearing was the first time that it became publicly known that Brown had made statements to the Royal Ulster Constabulary while under interrogation.

His 20-year-old pregnant wife has not been seen since she disappeared from her Twinbrook home on July 13.

Depositors 'will not be named'

By Our Isle of Man Correspondent

MAINLAND depositors will not be named during statements made by the liquidators of the Savings and Investment Bank, according to the bank's liquidators and receivers.

The liquidators said yesterday there had been concern about the position of depositors with the bank who are resident outside the Isle of Man. The winding-up order made by the Manx court, it was pointed out, ordered that the statement of affairs to be lodged at the court would not names.

The court has appointed Mr Michael Jordan of Cork Gully and Mr Ronald Robinson of Kitsons' the Ramsay, Isle of Man-based accountants. Another two assistant official receivers have been appointed—Mr Gerald Weiss of Cork Gully and Mr Ian Clark of Kitsons. A creditors meeting has been arranged for August 25, in Douglas.

Post engineers plan action

BY DAVID GOODHART, LABOUR STAFF

ABOUT 1,000 engineering maintenance workers in the Post Office are threatening a one-day strike on August 23 in a row over bank holiday manning levels. The Post Office say that customer services are unlikely to be affected by the strike.

The workers are members of the Post Office Engineering Union which is also considering a 24-hour stoppage by all 130,000 members to protest against the privatisation of British Telecom.

A 24-hour stoppage—which could also be backed by other unions in British Telecom—would be illegal under the terms of the 1863 Telegraph Act and the 1953 Post Office Act.

Those laws state that any "wilful delay" in the transmission of letters or telephone messages shall be an offence. Some lawyers and union officials believe that any strike action by workers in the Post Office and British Telecom is technically illegal, but secondary or politically inspired action is definitely illegal.

Secondary action by Post Office workers during the Grunwick dispute in 1976 and the planned boycott of South African mail for one week during January 1977, were both judged illegal.

No deal yet on London Tube cuts

BY DAVID GOODHART, LABOUR STAFF

NO SUBSTANTIAL agreement on short-term cost savings has come from the first five meetings of the London Transport-union joint working party on the future of Underground services.

The working party — which was due to report at the start of last week — was set up after the Underground strike in June.

London Transport had then agreed to suspend its new reduced timetables — the cause of the strike — which it originally planned to introduce in March after the Law Lords' ruling against the Greater London Council's cheap fares scheme.

LT said that if the working party could not find alternative ways of saving the £2.5m through cuts in peak hour services, the new timetables would go ahead.

But those new timetables have now been indefinitely postponed again. The working party will produce an interim report early next week but will continue to go on meeting.

Both sides agree on the long-term need for greater grants for the Underground but there has been no real understanding on shorter-term savings. LT is due to bring in another round of service cuts in December.

Mr Jimmy Knapp, representative of the National Union of Railwaymen on the joint working party, said that his union's contribution to the interim report was to point out that no cost-saving inifiatives had been necessary until the Law Lords' ruling caused fares to be doubled.

The NUR is also critical of an LT decision to buy only 15 new trains next year instead of the planned 28.

Mr Don Pullen, representing Aslef, the train driver's union, said that unions and management were still trying to secure a meeting with Mr. David Howell, Transport Secretary, to clarify the future position of LT.

More industrial disruption on the Underground is still possible—especially as the cuts issue will soon be entangled with the annual pay claim. The claim for a cost of living rise for the Underground's 25,000 employees went to the wages board last July 29. Their response is due early next week.

● About 400 workers on the Tyneside Metro are threatening industrial action over a 4 per cent pay offer from the Passenger Transport Executive. They are claiming a rise of 12 per cent.

Labour Party staff end pay revolt

BY OUR LABOUR EDITOR

THE REVOLT by staff at the Labour Party headquarters which had threatened arrangements fo rits annual conference in October, is over.

A meeting of the 120 staff at the party's South London offices split down the middle on a call for an al-out strike from September 6, in protest over an offer of between nough and 5 per cent.

A further motion calling for an end to industrial action and a return to the negotiating table gained a majority. Union officials will now meet the party's management to determine whether or not to accept any increase—a decision which, ironically, might be settled by the staff in favour of taking nothing.

The party management had earlier increased its original nil offer to the staff by refusing to pay an 11 per cent rise to party managers, due under a separate agreement. This allowed it to offer rises of between 2 and 5 per cent to the 70 lowest paid staff.

However, the union officials are reluctant to accept the increases, since they would then be party to the breach of an agreement.

They also expect to be faced with fresh demands for redundancies in the organisation. The party management has been looking for up to 10 voluntary redundancies in the current year, and seven of the 120 headquarters staff have already gone.

Mr Nick Sigler, shop steward of the Transport and General Workers Union branch in the office, said last night that he feared a further 10 redundancies would be sought next year.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Europe: victim of a blinkered view of Japan's opportunities

Michael Dixon talks to the director of INSEAD's Euro-Asia Centre

ASKED what would be more difficult than selling sand to Arabs, many Western executives might suggest selling management training to Japanese. But that is one of the easier tasks of the Euro-Asia Centre based at the INSEAD business school in France.

"When we go to teach management in Japan we fill the house," says Professor Henri-Claude de Bettignies, the sprightly director of the centre which he founded in the mid-1970s. And its courses, mostly on classical management topics such as finance and marketing but also covering technology, are popular in other countries of what the centre terms Pacific Asia.

Besides Japan, the area consists mainly of the five ASEAN countries of Indonesia, Malaysia, Philippines, Singapore and Thailand, and the newly industrialising South Korea and Taiwan as well as Hong Kong.

Supplying the East with knowledge of western management constitutes only half of the centre's two-way service. But eastern interest in this half contrasts with general indifference in the West to the possibilities of the other half. It consists of putting the dozen staff's specialist knowledge of Pacific Asia at the service of western businesses seeking profitable shares of the region's expanding markets.

"*We need those markets* for Europe's future," Professor de Bettignies says. "Look at the growth trends of Asian economies and populations and you will see that in 25 years the West can no longer be running the world."

"The Philippines is considered the laggard among the ASEAN countries," adds his colleague Helmutt Schütte. "The reason is that it has average growth of only 5.47 per cent. *Hell!* But in recession European companies have withdrawn from the East so as to concentrate on our own continent and America. It amazes me to think we have still more trade with the Soviet bloc than with Pacific Asia. Given the growth prospects, that is ridiculous."

The idea that Western businesses' chariness of the eastern markets may be founded on careful research into their possibilities, raises a howl of laughter. The centre's staff, it seems, is repeatedly confounded by the ignorance of Pacific Asia shown by leaders of even the few European companies thinking of going East.

At a recent conference in Stockholm on prospects in Malaysia, for example, one of the senior managers attending pointed out that it was a certain lethal instability in the Malay character which gave rise to the phrase "running amuck." If his company set up an office there, how often was it liable to be disrupted by the locals going berserk?

Once the experts on the platform had established that the questioner was serious, they managed to assure him that life in the territory was no longer, if it ever had been, quite as described in late-Victorian adventure stories for boys. But there soon came another question, less old-fashioned but equally unrealistic, which betrayed an ingrained Western attitude probably harder to change.

Arrogant

The conference had just heard an authoritative account of how, since Malaysia's racial riots in 1969, its entire policy had been dictated by the iron rules of its Government's economic programme. "OK, how do we get round them?" asked the first questioner.

Henri-Claude de Bettignies declines to speculate on whether such arrogant attitudes are the last shaky refuge of imperialism. But he says that while the West is generally ignorant about real conditions in Pacific Asia as a whole, the arrogance does not apply in the case of Japan. The feeling which that particular part of the region tends to excite in European companies is close to fear.

Indeed the spectre of Japan so dominates Western thinking that the region's other countries often go unnoticed. "If your clients include Japanese, we're not interested," is a reason frequently given by European businesses for refusing the centre's services.

"We in the West are less interested in expanding our business than in how the Japanese manage theirs. But our problem will not be solved now by learning to manage like Japanese, I think. It is too late. Also there are cultural differences which make barriers to transplanting processes from their society into ours."

One difference, for example, is that in Japan children tend to be trained from kindergarten to subordinate their individuality to the role they are allotted in a hierarchical group. The professor feels that people brought up in more or less the opposite convention are less likely to co-operate in quality circles than merely to chase one another's tails in them.

"But I have less patience still with Europeans who insist Japan's miracle is ending—the young there have lost the work ethic, the women will no longer kow-tow, the unions are growing stronger and so on. This is wishful thinking, I suspect.

"We have comforted ourselves in such ways before. In the 1960s Europeans ridiculed Mr Ikeda's promise to double the income of Japanese citizens in five years. It was done in less time. In 1974 it was said that the high oil price would soon kill them off economically. But they are more competitive now than they were then. Their flexibility is clearly great.

"What a pity that we cannot lose our fascination with the Japanese and look more widely. For we might see that Japan is no less worrying to other countries of Pacific Asia. They do not wish to be taken over economically as they once were militarily."

Henri-Claude de Bettignies: "In 25 years' time, the West can no longer be running the world"

But instead of pursuing the opportunity of a preferential welcome in the markets of those other countries, the professor says, even Western companies which have set up there have done so largely to take advantage of cheap labour. "The usual policy is to manufacture there products to be brought back for sale here. But while the region's economies and competitiveness are strengthening, I think, their labour is fast getting less and less cheap. It is an advantage which will soon be gone."

So too, in his view, will the Western opportunity to establish a strong base in the area. South Korea, Taiwan and Hong Kong, for instance, are keenly investing in the five ASEAN countries. Some large Indian concerns are beginning to do the same. "If we leave it much longer, we shall be shut out."

By contrast, other Eastern countries are moving to emulate Japan's attack on Western markets. All over Europe intelligence outposts are being established by the region's faster expanding companies, almost certainly with their governments' financial support.

"It is a concerted movement which is perhaps alien to the culture of the democratic societies which we are proud of being," Henri-Claude de Bettignies says. "But it is not a pride that will keep earning our wealth. We need to move equally concertedly in the other direction. And to be successful, I do not think the British, the French or even West Germany could make the move completely alone. If you want to have a strategic answer to the challenge of Pacific Asia, you must have a European answer—and soon."

BOARDROOM BALLADS

PETER'S PRINCIPLE

Peter Parker picked a proper roster,
A proper roster's Peter's requisite;
But if Peter's roster's properly to prosper,
It'll cost a proper public deficit.

★

The presumption from the drivers' deprivation
Was improvement in performance, for their pain
Would provide the public proper transportation
With appropriate provision once again.

★

But the paradox of public enterprises
Is that prizes from their productivity
May be pilfered for the party privatisers
With the parson's-nose for Peter, you and me.

For the present politician with the purse is
Most consistently persistent and precise,
In protesting the potential for a service.
While prohibitively pushing up the price.

★

May the proper roster's promise of potential
For a proper public service policy,
Predicate that BR prices in the end shall
Not pursue my gas and electricity!

★

So now that Peter's got a proper roster,
And the government its limits once again,
When the future Dr Foster goes to Gloucester
May he not have lost the option of the train.

Bertie Ramsbottom

Next week: The recovery that never was

How design may fit the theory of economic 'long waves'

BY CHRISTOPHER LORENZ

IN EARLY 1938 Britain's Journal of Decorative Art carried an advertisement for "Hall's Distemper." In language redolent of the economic optimism of the time, it trumpeted its "spirit of progress" and its introduction of "new plant, new pigments, new processes, new techniques and new friends."

Not content with this fourfold repetition of the word "new"—an excess for which any modern copywriter (or journalist) ought to be sacked—it rammed home the point with graphic symbols of electricity, aeroplanes, and skyscrapers.

A year later, as the war clouds gathered, all mention of progress had disappeared from the company's advertisement in the Journal, and so had the new products and processes. All that remained was the "new friends." Perhaps in the hands of a new copywriter, the challenge of things new had been almost entirely replaced with reassurance.

The idea that advertising reacts to the mood of the times—as well as helping to create it—is by no means new. But, by courtesy of *Dr John Langrish* of the Institute of Advanced Studies at Manchester Polytechnic, it has now been linked into a study of whether shifts between optimism and pessimism in design run parallel with the newly fashionable concept of "long wave" economic cycles.

In a paper on "cycles of optimism in design" which he presented last month at a week-long international conference on Design Policy at Britain's Royal College of Art,* Langrish emphasised that, like many other academics, he was by no means completely convinced that such long wave cycles do in fact exist. But his classification of 57 years of advertisements in the Journal of Decorative Art (now renamed Painting and Decorating Journal) into an "optimism index" rammed home the extent to which there is an apparent correlation between advertising content and economic trends.

In essence, the theory of long-wave "Kondratiev" cycles (named after the propagator of the idea) is that the capitalist world economy is continually in a cycle of about 55 years' length, moving through revival, prosperity, recession, depression and back to revival again.

The dates which are generally taken as the start of periods of prosperity are 1787, 1845, 1898 and 1954. A period of major technological change is seen by some—though not all—adherents of the theory as preceding each revival.

By this reckoning we will virtually have to reach the year 2000 before we can expect the clouds of recession to lift. Or, more specifically, the world will still have to struggle through a full-blooded depression before we have any chance of recovering the sort of conditions we knew in the late 1950s and 1960s.

With economists all over the world failing to comprehend why the international economy is not responding to either Keynesian or monetarist policies, it is not surprising that Kondratiev's theory is again in fashion.

Optimism

As Langrish says, if enough people believe in this sort of cyclical change—then—whether through the workings of the cycle or just the mechanism of *self-fulfilling prophesies* — the present recession/depression is going to get worse before it is followed by a burst of new technology, and a resultant "new age." On the other hand, there is at least a chance that if enough people—investors, technologists, designers and so forth—believe in a coming new age, it could appear earlier than in 1995.

To help make this happen, says Langrish, young designers should be educated to think about "optimistic design," just as the depression of the early 1930s produced people looking to a better future based on science.

"If the future depends on new industries and new sources of energy," he says, "then design students could be set topics on the structure of DNA, wind power, tidal power, computers, computer aided design, Prestel, computers that control the home, cable TV, working from home, satellites, "moving" wallpaper, colours that change with the time of day, electronic shopping and so on."

The current trend towards what Langrish calls "anti-science" militates against this, of course.

Whereas the science of silicon chippery does appear to sell certain types of product—Zanussi washing machines, for example ("the appliance of science") or Philips television ("simply years ahead")—there is a growing number of backward looking advertisements, particularly from the food industry (Hovis bread and biscuits, all sorts of beers) and so on.

Whatever the social mood, there will always be a mixture of optimistic and backward-looking advertisements, depending on the type of products and the marketing strategy of its manufacturer. Thus in optimistic 1935, when Hall's Distemper was going over the top with its "new"ness, a white lead company informed the reader that its product was made by "the old stack process," the advertisement featured a picture of a medieval herald.

Langrish's "optimism index" plots the balance between forward- and backward-looking advertisements, by dividing the latter into the former.

"Forward looking adverts contain adjectives like modern, scientific, and contemporary, refer to concepts such as progress, and use pictures of symbols to express modernity or the future. Backward-looking adverts appeal to long-established traditions of purity, reliability, etcetera and contain symbols of the past, such as a coat of arms."

In 1938 optimism clearly had the upper hand, in contrast with the early 1930s. In the late 1950s and 1960s optimism was even more dominant, before the slump towards backward-lookingness in 1980 and 1981. The fact that optimism is still marginally on top may be a tribute to the growing sophistication of the advertising world over the last 50 years, or a testament to its recklessness in the face of prevailing social attitudes.

* *Paper published in July 1982 issue of "Design Studies" journal, from Butterworth Scientific, PO Box 63, Westbury House, Bury Street, Guildford, Surrey GU2 5BH, England. Annual subscription £60; single copies £18.*

Full conference proceedings will be published shortly by Department of Design Research, The Royal College of Art, Kensington Gore, London SW7 2EU.

TECHNOLOGY

EDITED BY ALAN CANE

How to take a long-term view of fundamental scientific discoveries

Lure of genetics in Boston

BY DAVID FISHLOCK, SCIENCE EDITOR

A SENIOR American research scientist, working in Britain for the past ten years, has been wooed back to Boston as director of research for a biotechnology company set up only last year. Dr Robert Kamen, 38, director (and founder) of the transcription laboratory at the Imperial Cancer Research Fund laboratories in London, hopes to take his research—and three of his team—to the U.S. this autumn.

Is Dr Kamen abandoning research at the frontiers of a fast-moving science for "boring technology," as some of his fellow-scientists assert?

Capital

The magnet for this soft-spoken New Yorker is a company called the Genetics Institute, brainchild of two Harvard University professors, Mark Ptashne (41) and Thomas Maniatis (38). Ptashne is chairman of the department of biochemistry and molecular biology. Maniatis is professor of biochemistry and molecular biology. They have banked more than $10m of equity *capital, interest on which helps* pay for the research programme.

In the past year this pair has recruited about 15 senior research workers, all under 35, and their support staff, totalling 50, before deciding that they needed someone to supervise the research programme as a whole.

Earlier this year Maniatis asked Kamen to consider the job, with the extra inducement that he should bring his own research with him, to be funded by the new company.

The Genetics Institute is a research company undertaking contract research for multinational corporations in "genetic engineering." Mostly the company generates the proposals and looks for corporate support, preferably as a joint venture to help ensure the long-term commercial commitment of the sponsor.

For example, the U.S.-based health care group, Baxter Travenol Laboratories, is paying for a project to try to produce by genetic engineering factor VIII, the blood factor which causes clotting and which is missing in the genetic disease haemophilia.

Given enough factor VIII, doctors could consider treating haemophilia—no rare disease—much as they treat diabetes, with a maintenance dose of the missing protein. Today it is simply too costly and scarce. Only the West and Japan are treating the disease at all.

Scientifically, the challenge is a big one, Kamen says. First, the Genetics Institute must isolate the gene, something that no one appears to have done yet.

This is a problem genetic engineers class as one of "extreme difficulty" because the protein is not yet well characterised and it is hard to get enough pure factor VIII from blood to do it. Even a measure of the bio-activity of this protein is still fairly crude, for its main known characteristic is that it clots blood.

Modifications

If a gene for factor VIII is ever successfully isolated, its expression in an organism which can be cultivated by fermentation is going to be another difficult step, Kamen says.

It is a large protein which will experience what the genetic engineers call post-translational modifications that change the product. It is not *obvious that such a protein could be expressed successfully* from simple vector such as *E. coli*. This is where Kamen's own experience with viruses may be invaluable.

If factor VIII ever gets to the stage of being expressed in useful amounts, the fermentation division of the Genetics Institute will be brought in. This division is backed by one of the sponsoring corporations, Jacobs Engineering, a leading U.S. supplier of fermentation *plant*.

Then, Kamen says, the company will have to start worrying about safety testing—"a not inconsiderable problem" given that there are no standards yet for the safety of a genetically engineered drug which people may be taking for the rest of their lives.

"So there is a whole series of basic research problems to be solved," and solving them will probably make an important contribution to knowledge of blood clotting. In fact, he believes any team which solves any one of these basic problems will probably earn an international reputation.

Challenges of this calibre—the Genetics Institute has five or six, mostly kept secret for commercial reasons—have drawn Kamen from the London laboratory where he has worked for nearly 10 years.

Another example, which at this stage seems still further from the marketplace than factor VIII, is genetically *engineered human lymphokines* and monokines, the hormones that seem to regulate the body's immune system.

Venture

Sandoz, the Swiss drug company is supporting this research project. This summer it made an equity investment of 5 per cent in the Genetics Institute. Sandoz has also agreed to set up related research at its own research institute in Vienna. The two partners see it as the *basis for a long-term co-operation* in researching immune mediators.

To Gabriel Schmergel, chief executive of the Genetics Institute, "the Sandoz deal is truly a joint venture, the model for the sort of deal we like to do." Mostly his company is bypassing the easier genetic engineering targets — those likely to come to fruition in the next three-five years, and going for those where "few if any will succeed."

Hugh Routledge

Dr Robert Kamen (seated) with members of h is London team, left to right, Zuoyan Zhu, a visiting scientist from China, Dr Trudi Veldm an, research fellow, and Alison Cowie, senior techn ician

Dr Kamen sees the Genetics Institute as "a very good collaboration between good science and good business." Its chairman, William Paley, founder and chairman of CBS, even joked that if Kamen gave up his own research, they didn't want him.

He believes that the new biotechnology research companies will survive only by keeping very close to fundamental scientific discoveries. "And that means you have to have something to trade."

The Genetics Institute, based in laboratories of an abandoned private hospital close to the Harvard Medical School, expects to have a staff of about 70 by next summer. But by the end of 1983 it plans to move to its own new laboratories with space for about 150.

Kamen sees his new role as director of research divided between supervising a highly talented team of scientists—"if it doesn't work, they've got to have someone to talk to"—and persuading the Board to continue to take a very long-term view of the prospects. Except for the two scientists who had the original idea, his Board is composed of businessmen with a keen interest in venture capital.

Machine tools

Automatic bar stock marking

AN automatic machine for the *continuous marking of bar* stock has been developed by S. P. Marking Products of Chard, Somerset.

It operates on the roll marking principle and eliminates the need to mark individually pieces produced on autos and capstans. It can equally well be used by scaffolding manufacturers who need to mark steel or aluminium lengths for security reasons.

The machine can deal with up to 12 ft lengths, flat, round or hexagonal stock of ¼ to 4 in diameter and ⅜ in to 3½ in across flats.

Marking may be on one or two opposite faces with dies easily changed for single or double side marking. The dies can be engraved with code, symbol or number as required.

Vertical pneumatic pressure controls the depth of mark and provides a cushioning effect to ensure to maintain a consistent depth of mark in the event of slight variations in the thickness of workpieces. More on 04606 3747.

Desalination of sea water

Reverse-osmosis process looks promising

A NEW process for the desalination of sea water has reached the threshold of economic feasibility. Its progress will be accelerated under a multi-million dollar collaboration agreement just reached between the University of Toronto and King Saud University in Riyadh.

The reverse-osmosis process, borrowed from nature, has been developed over the past decade and a half. At present, still at an early stage of its development, water-osmosis requires about half the energy input needed in conventional distillation to produce the same quantity of pure water.

Fresh developments in membrane materials and engineering techniques—which may well emerge from the Toronto-Riyadh project and elsewhere—are expected to reduce the present energy input by half again.

Water purification installations based on the process can be built in something like half the space and two-thirds of the time it takes to erect comparable distillation plants.

The financial terms of the exchange programme have not been disclosed, but Gordon Slemon, Dean of engineering and applied science at Toronto University, has said: "This is the most developed relationship I am aware of between the Saudis and any university in North America." This is significant, for Saudi Arabia's higher education infrastructure has been erected in the past 15 years with great assistance from universities in the U.S.

As it name implies, reverse-osmosis reverses the tendency of liquids filtering through a membrane to flow from a dilute solution on the one side to a concentrated one on the other. Water treatment plants deploy man-made materials for filters inclding millions of hair-thin tubes. The water is forced through these under pressure and the dissolved solids in it are simply left behind.

Significantly, the process can be used for the purification of water of salts as well as various other materials. Such plants are being installed for many purposes, such as one in Algeria to serve a paper mill, one on the Caspian Sea as part of an energy complex and several in North America for agricultural and environment modification purposes.

Saudi Arabia relies largely on desalinated water. At present, there are 20 operational plants and by the turn of the century there should be another 50. Some are to be built aboard ships which could serve several areas as the need arises.

The technology is still expensive, calling for heavy initial capital investment and an operating cost of smething like $4 per 1,000 gallons of water, limiting the immediate scope of the process to the profitable agro-industries and the big cities of the rich world.

But the five-year Canadian-Saudi collaboration agreement —which is to embrace advanced training as well as research—could lead to a substantial cost reduction, fulfilling mankind's ancient dream of producing vast quantities of fresh water from the sea."

This would be a timely development, for the United Nations has declared the 1980s as the International Water Supply and Sanitation Decade, intended to transform the lives of many millions of people in the developing regions where 80 per cent of all illness is blamed on the inadequate water supply.

THOMAS LAND

Gate arrays

U.S. companies in joint silicon chips agreement

MOTOROLA and National Semiconductor, two major U.S. electronics manufacturers, are investing a total of U.S.$100m *in new plant and equipment to* make gate arrays following a joint agreement.

Gate arrays are silicon chips which are half-way between a standard component and a specially designed custom integrated circuit. All but the last layer of each chip is built up in layers like a jam sandwich cake and is common to all circuits. The customer decides how the circuit will operate by specifying the last layer. This way, gate arrays are far cheaper than conventional custom circuits.

The agreement between the two U.S. companies means that a customer can obtain circuits from either organisation since they use identical processing and design systems. In electronics it is important to have at least two sources of supply.

Motorola and National Semiconductor want to expand their gate array production because the market for such circuits is expected to reach at least U.S.$1bn by 1985.

GARDENS TODAY

The magic of Gertrude Jekyll

BY ROBIN LANE FOX

GERTRUDE JEKYLL is a magic name for gardeners nowadays. She was the acknowledged artist of the herbaceous border, alert to colours and the forms of plants to a degree which all her friends admired. Her partnership with the architect Lutyens scattered well-matched houses and gardens over the British Isles.

Her particular province was Surrey, in the days when the old grass meadows lay sleepy and forgotten round the carters' tracks and natural woodland. Her books brought a vision of Surrey and sound rustic taste in living and building before a wide readership. They also expressed the ideas of colour and the choosing of plants round which British gardening has developed ever since.

Original

Since the 1970s, we have been kind to her memory. Few Miss Jekyll designs survive with much of their original planting and the owners of the great ponds and water canals which she and Lutyens approved were faced with problems of cracking and ageing after a lifetime of ornament and use.

It was all the more commendable, then, when a classic Jekyll garden at Hestercombe, near Taunton in Somerset began to be restored in the early 1970s and planted to fit its artist's original plan. The funds came largely from council sources and the garden, delightfully, housed the Somerset Fire Brigade. I know its restoration from photographs and excellent reports, not from a personal visit. But Hestercombe, undoubtedly, is the site for Miss Jekyll's fans to enjoy. There is still work to be done and canals to be repaired, so we will do well to support a project which has added notably to the living history of the garden.

What about Miss Jekyll's books? I confess to reading them less for the gardening than for the insights into her personality and the ways of Edwardian middle-class housewives. Her classic Wood and Garden contains a most curious passage on woodmen splitting a tree-trunk with wedges, a piece of unwitting prose with an undertone which Freudians would seize with glee. The advice on gardeners and their management is a vivid glimpse of Edwardian class and its shades in daily life.

In a chapter called Masters and Men, Miss Jekyll pictures the returning businessman, privately educated and widely cultured, who settles at maturity to the task of improving his garden which a "narrow-minded gardener" has long tended in his absence in the cause of trade. I recommend this warmly, for its outlines are still recognisable. But the most memorable sections are not on gardens at all, but on the woods and landscapes of Surrey itself which Miss Jekyll knew with the patient sensitivity of a great poet. If you have ever scoffed at pines and bracken, you must read her prose rambles through its scents and sounds.

The books on plants are less enduring because our types of roses and lily and our range of herbaceous plants are so much wider than 70 years ago. But her principles apply anywhere and although the plants' names have often changed, the general views on taste and colour are still more varied and acute than resolute modernists might support.

The old prima donna was often ahead of our latest fashion, so I welcome the handsome reprints of her best titles, just available from the Antique Collectors' Club, 5 Church St., Woodbridge, Suffolk. A bright colour jacket and some bright new colour photographs give Miss Jekyll's views on colour planning an unexpected twist. But the text is unaltered, a straight reproduction of the type, prose and black and white photographs which give the originals their charm.

Photographs

Of the first two reprints, her *Garden Ornament* (£19.50) is a splendid collection of photographs. The scarce early editions would cost you up to £100 nowadays if you could find them, so this re-issue is a welcome alternative. The text was always brief, but among the noble pictures of classic pergolas, bulging brick piers and inviable flights of steps, it contains some sharp observations. Chairs and seats, Miss Jekyll insisted, should be painted unobtrusive greys and greens. "A seat painted white attracts overmuch attention to itself." I agree entirely and the white furniture at the Chelsea Flower Show always strikes me as far too Chelsea and quite inappropriate for country flowers.

An hour with this book's photographs soon reminds you what great builders our great gardeners used to be.

Colour Schemes for the Flower Garden (£12.50 reprint) is more instructive. The plants have changed names or multiplied varieties, while the size of our gardens has shrunk. But Miss Jekyll herself made her best garden in a mere half-acre and repeats that size has nothing to do with a garden's merit.

Colour harmony was another matter. Short-sighted and a painter by training, Miss Jekyll liked pools of related colour to run into one another and move gradually from a pale to a strong tone. This taste owed something to Turner's paintings, something, too, to a 19th century study in France of the placing of complementary colours. It did not make her book high-flown. She never wrote a better book, because here, the practical and the visual were joined in the greatest detail.

Anyone who wants to plant a pretty garden should read this first. It has never been replaced.

It is for her observation that I most admire her. Month by month, *Colour Schemes* takes us round the parts of her small garden, the Hut and the Hidden Garden, the Wood Path and the rest. At every turn, she notices the small things about flowers and woodland trees. On reds and strong colours, for example: strong tones, she wrote, should be placed next to silver and glaucous leaves because the eye moves from the brilliance of red and orange and finds a richer blue in the clarity of the pale adjoining foliage. Nowadays, we think the leaves tone down the flowers. But Miss Jekyll loved exuberance and as so often, it is she, not us, who is right.

RACING

BY DOMINIC WIGAN

ONE OF the smallest Ebor fields in living memory will line up for today's renewal of the Tote sponsored handicap with just 15 runners due to take the field.

However, no one need imagine that finding the winner will be any less difficult than in most years and this is reflected in the betting.

At the head of the market there is virtually nothing to choose between the prices offered against Lusitanica, Military Band and Karadar.

It is 34 years to the day since Lester Piggott rode his first winner. And it is my guess that his presence on board Military Band will see last autumn's gambled-on Cesarewitch runner jumping off a clear favourite.

Both Piggott and Cecil have long considered a mile and three quarters the ideal trip for Military Band, who could not quite see out the trip in its Newmarket test and the Ebor was earmarked for the four-year-old almost from the start of this campaign.

I suspect that Military Band, who just got the better of Karadar at the end of a fierce tussle for a mile - and - three - quarters race at Newmarket in April, will account for that opponent again as well as the in-form Pieces of Eight mare, Lusitanica.

However, at odds of about 5-1 he hardly appeals as betting value in what is generally considered the summer's most competitive staying handicap. One who appeals more (certainly as a realistic each-way bet at present) is the 10-1 Nijinsky colt Bedford.

Trained by Ian Balding, whose outstanding performer of the past 15 years Mill Reef forged to an eight-lengths Gimcrack victory here 10 years ago, Bedford has struck winning form at an ideal time with today's race in view.

Earlier this month at Pontefract, Bedford returned to the winner's enclosure for the first time in eight races after notching a half-length success over Francesco.

That event was over one and a half miles and Bedford will be seen to better advantage over this afternoon's trip as he sets about attempting to take advantage of a 6 lb concession from Military Band.

YORK
3.05—Bedford***
3.35—Touching Wood**
4.10—Royal Heroine*
4.45—Capricorno Line

YARMOUTH
2.15—Roanke River
3.45—Zarlya

هكذا من الأصل

FT COMMERCIAL LAW REPORTS

Guarantee not a condition of contract

COMPAGNIE GENERALE MARITIME v DIAKAN SPIRIT SA

Queen's Bench Division (Commercial Court): Mr Justice Goff: July 28, 1982

A CONTRACTUAL term of which there might be varying degrees of breach resulting in slight or substantial damage, is not a condition of the contract and accordingly its breach does not necessarily entitle the non-defaulting party to terminate the contract; and where an arbitrator states his award in the form of a special case for the decision of the court, the court may not interfere with his award on issues relating to fundamental breach of contract, unless his reasoning was wrong in law or his conclusion was one which no reasonable arbitrator could have reached on the facts.

Mr Justice Goff so held when giving judgment for Diakan Spirit SA of Panama, owners of a chartered vessel, the Ymnos, on an award stated in the form of a special case by an umpire, Mr Thomas Bunyon, who held that the charterers, Compagnie Generale Maritime of Paris, were not entitled to terminate the charterparty on the ground of certain breaches by the owners.

* * *

HIS LORDSHIP said that the Ymnos, a container ship, was let on a time-charter to operate on a particular liner service between Sydney and the Pacific Islands.

It was important that the vessel should be capable of providing a regular and reliable service according to the advertised schedule, and that she should comply with any speed warranty in her charter. The charter contained important provisions concerning speed, and a "container guarantee clause" by which the owners guaranteed that specified numbers of containers should be loaded without any stability problem.

The vessel was delivered to the charterers on December 17, 1978. During her charter service serious shortcomings were revealed. Because of a stability problem large angles of heel were experienced when loading and discharging containers. Also the vessel fell short of her warranted speed.

Those two serious deficiencies combined to cause difficulties for the charterers. The ship was behind schedule. Also, Australian dockers and the stevedoring company at Noumea threatened to refuse to work the vessel unless there was an improvement in unsafe conditions. When the first container was lifted at Noumea the vessel had listed and rolled so violently that a number of dockers jumped overboard with fright.

The owners failed to carry out or propose any remedial action.

The charterers instructed a naval architect to advise them. He discovered that the source of the stability problem was a serious error in the vertical centre of gravity of the lightship.

He reported that revised stability calculations showed a large deficiency in the container carrying capacity of the vessel. Also, she remained liable to heel and appeared to be deficient in speed.

On June 4, 1979 the charterers cancelled the charterparty. The owners contended that they were not entitled to do so and were in wrongful repudiation of the charter. The umpire in the dispute found that the vessel lost time due to the owners' breach of the speed warranty and that further difficulties and delays resulted from the stability problems. He awarded damages of A$203,263 to the charterers. He held, however, that the charterers were not entitled to terminate the contract.

The charterers had contended that they were entitled to terminate on one of three grounds: (1) breach of condition, (2) breach going to the root of the contract, (3) the owners had evinced an intention not to perform their obligations.

The umpire concluded, subject to the decision of the court, that the container guarantee clause was not a condition; that the owners were not in fundamental breach; and that they had an intention to perform. He stated a special case for the decision of the court. The question was *inter alia*, whether the charterers were entitled to terminate the charterparty.

The first point was whether the container guarantee clause was a condition of the contract. The charterers submitted that, having regard to the factual matrix of the contract, the clause should be construed as an important or essential stipulation of the contract, and, therefore, as a condition.

Before *Hong Kong Fir Shipping v. Kawasaki Kisen Kaisha [1962] 2 QB 26* it was widely thought that contractual terms fell into two categories—conditions and warranties; and that whereas any breach of condition, however slight, would justify termination of the contract by the innocent party, a breach of warranty would only give rise to damages.

In that case, however, the Court of Appeal held that there might be terms which could not be classified as conditions, but the breach of which, if sufficiently serious, might give rise to a right to terminate.

There was therefore no longer any temptation to categorise terms as conditions in order to give an innocent party the right to terminate. Conditions could be strictly limited to terms, every breach of which would give rise to a right to terminate.

Since breaches of other terms could, if sufficiently serious, give rise to a right to terminate, there had developed a marked reluctance in recent years to classify terms as conditions. It was felt that that approach was more consistent with the parties' contractual intentions, and introduced a desirable degree of flexibility into the law.

Where the term was one of varying degree which might have varying effects on the contractual adventure, it was unlikely to be classified as a condition.

In the present case the container guarantee clause could not properly be classified as a condition. Its function was to provide an undertaking by the owners that a specified number of containers could be loaded and discharged without any stability problem. The effect of a breach could be slight or serious, in that the instability might be slight or serious. It could lead to small or substantial expense or loss of time. Such a term could not, in the absence of any indication to the contrary, be properly classified as a condition.

The use of "guarantee" in the clause meant no more than that any stability problem during loading of the contractual number of containers would result in a breach of contract by the owners. It followed that the first point should be decided in favour of the owners.

The second point was whether the owners committed a fundamental breach. Mr Pollock for the owners, submitted that unless a court decided that an arbitral tribunal had misdirected itself on the law, it could not substitute its own decision for that of the tribunal on a question of repudiation of contract.

His argument was based first, on *Hong Kong Fir*, and, second, on *the Nema [1981] 3 WLR 292*. In *Hong Kong Fir* Lord Justice Diplock said at page 69 that whether the question to be construed was one of fundamental breach or of frustration, the test to be applied was the same. In *the Nema* Lord Roskill said at page 313, that the court should only interfere with an arbitrator's conclusion "on issues such as those which arise in cases of frustration," either if they were shown to have gone wrong in law or if his conclusion was one which no reasonable person could have reached on the facts.

That formed part of the *ratio decidendi* of the case and was therefore binding in respect of frustration. Having regard to Lord Justice Diplock's statement in *Hong Kong Fir* the court would also be bound in respect of fundamental breach, in an appeal under the Arbitration Act 1979.

The question was whether a court was similarly bound when the matter came before it in the form of a special case stated by an arbitral tribunal. In considering a special case the court was not hearing an appeal; it was deciding a question of law as an organic part of the decision-making process.

In *the Nema* Lord Roskill said that Mr Justice Kerr was wrong when deciding a case stated in *the Angelia [1973] 1 WLR 210*, to substitute his own view for that of the arbitral tribunal on a question of frustration.

The practical effect of that opinion was that the same approach should be adopted in frustration cases, whether the matter came before the court by way of appeal or as an award in the form of a special case. Lord Roskill would presumably, having regard to *Hong Kong Fir*, have adopted the same approach in cases of fundamental breach.

For those reasons the present case must be approached, with regard to fundamental breach, on the basis that the court should not interfere with the umpire's conclusion unless it was satisfied that he had gone wrong in law and had not applied the right legal test, or that he had reached a conclusion which no reasonable person could have reached on the facts found by him.

Since the special case contained no statement of law or legal reasoning, it was impossible to say that the umpire had gone wrong in law. The court could only ask itself whether his conclusion was one which no reasonable person could have reached. It did not fall into that category. It was thoroughly arguable. It followed that the court could not depart from his conclusion that the owners were not in fundamental breach.

Exactly the same applied to the umpire's conclusion that the owners evinced an intention to be bound by the charterparty. It was consistent with *the Nema* that the court should not exercise a general power of review when an arbitrator had expressed his conclusion on such a point.

Accordingly the charterers were not entitled to determine the charterparty on June 4.

For the owners: Gordon Pollock QC and Bernard Eder (Hill, Dickinson and Company).

For the charterers: Ian Hunter QC and Peter Hayward (Holman, Fenwick and Willan).

By Rachel Davies
Barrister

TELEVISION

Tonight's Choice

Elvis fans get a chance to see The King doing his bit for glamorising heavyweight boxing long before Sylvester Stallone (alias Rocky) ever came on to the scene. **Kid Galahad** at 6.55 on BBC-1 will at least keep the kids happy and ensure that you can miss two more of those interminable early-evening magazine shows: **Where There's Life** on ITV at 7, and **The Travel Show** on BBC-2 at 7.25.

At 9.30 on BBC-2 is another gripping pairs match in **Top Crown**, the Beeb's crown green bowling tournament. Both BBC and ITV then feel it necessary to offer us the same athletics meeting from Zurich in the hope of seeing some of our sporting superstars breaking world records or at least proving their fitness.

Fortunately, ITV hold back their athletics until 11.30 (it's an hour earlier on BBC-1) which gives you time to catch **Radio Active** on Radio 4 at 10.30. This is the first of a new series of the highly popular zany comedy show that radio does so consistently well.

This is followed by the first episode of Wilkie Collins' "Mrs Zant And The Ghost," read by Stephen Murray for **A Book At Bedtime**.

DAVID CHURCHILL

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.30 Gharbar. 9.55-12.35 pm Cricket: The NatWest Bank Trophy (semi-finals). 1.00 News After Noon. 1.30 King Rollo. 1.35-1.45 Bric-A-Brac. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 We Are The Champions. 5.05 John Craven's Newsround. 5.15 The Monkees.

5.40 News.
6.00 Regional News Magazines.
6.25 Bugs Bunny cartoon.
6.30 Believe It Or Not: Mysteries of earth, outer space and Rochdale!
6.55 Wednesday Film: "Kid Galahad," starring Elvis Presley.
8.30 Tomorrow's World At Large. Training, techniques and risks involved in modern deep-sea diving.
9.00 News.
9.25 Chicago Story.
10.35 International Athletics: Weltklasse Athletics from Zurich.
11.08 News Headlines.
11.10 The 20th Century Remembered: The Rt. Hon. Sir Harold Wilson discusses the rift within the Labour Party in the 1950s, and covers the period up to his leadership in 1964

BBC 2

6.40-7.55 am Open University.
9.10 Golden Hair.
9.30 Jackanory.
9.45 Take Hart.
10.05 Why Don't You . . . ?
10.30-10.55 Play School.
12.30 pm Open University.
1.20 Cricket: The NatWest Trophy.
5.10 Titian's Technique.
5.35 Cricket.
7.20 News Summary.
7.25 The Travel Show.
7.55 Arthur Negus Enjoys.
8.15 Man Alive Debate.
9.00 Film Buff of the Year.
9.30 Top Crown.
10.10 Good Time George.
10.45 Newsnight.
11.30-12.15 am Cricket.

LONDON

9.30 am The Master Builders. 9.55 Horse-Drawn Magic. 10.25 The Greatest Thinkers. 10.50 Struggle Beneath the Sea. 11.15 "It Isn't Easy Being A Teenage Millionaire." 12.00 We'll Tell You A Story. 12.10 pm Rainbow. 12.30 The Electric Theatre Show. 1.00 News plus weather and FT Index. 1.20 Thames News with Robin Houston. 1.30 Women Of Today. 2.00 A Taste of China. 2.25 Racing from York covering the 2.30, 3.05 and 3.35 races. 3.50 Play It Again. 4.20 Storybook International. 4.45 Into The Labyrinth. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames News with Rita Carter and David Bellin.
6.25 Help! with Viv Taylor Gee.
6.35 Crossroads.
7.00 Where There's Life . . .
7.30 Coronation Street.
8.00 "The Biggest Bank Robbery," starring Richard Jordan, David Niven, Gloria Grahame and Elke Sommer.
10.00 News.
10.30 The Deafened.
11.30 International Athletics from Zurich.
12.00 Superstar Profile.
12.25 Close: Sit Up And Listen with The Reverend Peter Lewis.

All IBA Regions as London except at the following times:—

ANGLIA

9.35 am Cartoon Time. 9.45 International Bowls. 10.10 "Tarzan's Three Challenges," starring Jock Mahoney. 11.50 Captain Nemo. 1.20 pm Anglia News. 5.15 Private Benjamin. 6.00 About Anglia. 12.00 Love American Style. 12.30 am Pilgrim to the Holy Land.

BORDER

9.35 Film: "Make Me An Offer," starring Peter Finch and Adrienne Corri. 11.00 Sesame Street. 1.20 pm Border News. 5.15 Survival. 6.00 Lookaround Wednesday. 12.00 Border News Summary.

CENTRAL

10.00 am Johnny's Animal Operas. 10.25 The Adventures of Niko. 11.50 Hopalong Cassidy. 1.20 pm Central News. 5.15 Diff'rent Strokes. 6.00 Crossroads. 6.25 Central News.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 5.20 Crossroads. 6.00 Channel Report. 6.10 Fangface. 6.35 Summer Extra. 10.28 Channel Late News. 12.00 Barney Miller. 12.25 am News and Weather in French followed by Epilogue.

GRAMPIAN

9.40 am First Thing. 9.45 Sesame Street. 10.40 The Crazy World of Sport. 11.05 Thunderbirds. 11.56 The Adventures of Parsley. 12.30 pm Portrait of a Village. 1.20 North News. 5.15 Mr Merlin. 6.00 Summer At Six. 12.00 North Headlines.

GRANADA

9.30 am Wednesday Matinee: Peter Finch and Adrienne Corri in "Make Me An Offer." 11.00 Sesame Street. 1.20 pm Granada Reports. 2.00 The Wild, Wild World of Animals. 5.15 Welcome Back Kotter. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 6.35 Sideroads. 12.00 The Odd Couple.

HTV

9.50 am Nature of Things. 10.45 Sport Billy. 11.10 The World We Live In. 11.35 Angling Today. 1.20 pm HTV News. 4.45 The Adventures of Niko. 5.15 Stingray. 6.00 HTV News. 10.28 HTV News.

HTV Cymru/Wales—As HTV West except: 11.10-11.35 am Vicky The Viking. 12.00-12.10 pm Ty Bach Twt. 4.20 Here's Boomer. 4.45-5.15 Ysgol Bercud. 6.00 Y Dydd. 6.15-6.35 Report Wales.

SCOTTISH

10.00 am Wild, Wild World of Animals. 10.25 Summer Matinee: "Sea of Sand." 1.20 pm Scottish News. 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Talking Scots. 12.00 Late Call. 12.05 am Spellbinders.

TSW

9.35 am Sesame Street. 10.35 Project Ufo. 11.25 Rocket Robin Hood. 11.50 Larry the Lamb. 1.20 pm TSW News Headlines. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South-West. 6.30 Televiews. 6.40 Sportsweek. 10.32 TSW Late News. 12.00 Barney Miller. 12.25 am Postscript.

TVS

9.30 am 3-2-1 Contact. 10.00 Survival. 10.25 Prince Charles talks about the Transglobe Expedition. 11.15 European Folk Tales. 11.30 Falcon Island. 1.20 pm TVS News. 5.15 Happy Days. 6.00 Coast to Coast. 12.00 Company.

TYNE TEES

9.20 The Good Word. 9.25 North-East News. 9.30 The History Makers. 9.55 European Folk Tales. 10.10 Cartoons. 11.00 Survival. 11.25 Stingray. 11.50 Rhubarb. 1.20 pm North-East News. 1.25 Where The Jobs Are. 5.15 Private Benjamin. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North-East News. 12.00 Links With Jesus.

ULSTER

10.10 am Sesame Street. 11.10 Tarzan. 1.20 pm Lunchtime. 4.18 Ulster News. 5.15 Mr Merlin. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 12.00 News At Bedtime.

YORKSHIRE

9.30 am Sesame Street. 10.30 Jason of Star Command. 10.55 Paint Along With Nancy. 11.20 Rocket Robin Hood. 11.40 Flight to White. 11.55 The Bubbles. 1.20 pm Calendar News. 5.15 Diff'rent Strokes. 6.00 Calendar (Emley Moor and Belmont editions).

RADIO

RADIO 1

(S) Stereo broadcast (when on VHF)

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Peter Powell with the Radio 1 Roadshow from Brighton. 12.30 pm Newsbeat. 12.45 Dave Lee Travis. 2.00 Steve Wright. 4.30 Richard Skinner. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00-12.00 John Peel (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 10.00 pm John Dunn (S). 7.30-10.00 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S) including Racing from York. 4.00 David Hamilton (S). 5.45 News, Sport. 6.00 Cricket: NatWest Trophy, coverage of the closing stages of today's semi-finals. 7.30 John Dunn (S) (joining VHF). 8.00 Alan Dell with Dance Band Days. 8.30 Among Your Souvenirs (S). 9.15 John Fox (S). 9.55 Sports Desk. 10.00 Wit's End. 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Matthew presents Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued) (S). 9.00 News. 9.05 This Week's Composer: Cherubini (S). 10.00 BBC Scottish Symphony Orchestra (S). 11.20 Wolfgang Marschner piano recital (S). 12.05 pm Berlioz (S). 1.00 News. 1.05 Summer Season (S). 2.00 Percy Aldridge Grainger (S). 2.35 BBC Northern Symphony Orchestra (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Arensky (S). 7.05 A Century of Poetry. 7.30 Proms from the Royal Albert Hall—Haydn: 'The Seasons' (part 1) (S). 8.45 Six Continents. 9.05 Proms: Haydn (part 2) (S). 10.25 The Bogaardes of Locarno. 10.50 Approaches to the East (S). 11.15-11.18 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. 6.45 The Road to Camlann by Rosemary Sutcliff. 8.57 Weather; travel. 9.00 News. 9.05 Midweek: Clare Francis (S). 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 On Holiday. 11.00 News. 11.03 Baker's Dozen (S). 12.00 News. 12.02 pm You and Yours. 12.27 A Small Town in Germany by John Le Carre. 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.47 Time for Verse. 4.00 News. 4.02 Musical Jokes (S). 4.10 Poor Britain: Life on and below the breadline. 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Animal Language (S). 8.15 Antony Hopkins talking about music (S). 8.45 [illegible]. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Radio Active (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Unforgettables. 12.00 News.

THE ARTS

The Confidence Man/Santa Fe Opera

Andrew Porter

The Santa Fe Opera, in its 26th season gave the premiere of George Rochberg's first opera, *The Confidence Man*, based on a tale told during Melville's novel of almost the same title (differing by a hyphen), padded out with some episodes drawn (out of context) from that puzzling and powerful book. It is "The Story of China Aster," a young candle-maker who accepts a loan from a rich friend, Orchis, ruins himself trying to repay it, and dies desolate, having penned an epitaph to the effect that he is the victim of having placed confidence in his fellow-men.

It is a thin plot for an opera. In the novel, things are complicated by the facts that the tale is told to the Confidence Man by *one Egbert, who is a parody of* Thoreau, himself parodying the style of his "mystic master" Emerson; that the Confidence Man and Egbert are, for the purposes of argument, playing the parts of an imaginary (but not wholly imaginary) "Frank" and "Charlie"; and that the tale itself may be a parody of Melville's own disastrous literary career as a "light-bringer," with Hawthorne as the friend who gives him bad counsel. That's not all—and not all literary critics would agree with the above—but it's enough to indicate that Melville's *Confidence-Man* is no mere picaresque narrative about a day's journey aboard a Mississippi steamer but an intricate and many-layered work.

Sunny Joy Langton and Neil Rosenshein

The Rochbergs — the composer's wife, Gene, is the librettist of his opera — have the tale told by the Confidence Man himself (who is probably the Devil, aboard a Ship of Fools, though he has also been identified as Uncle Sam, Orpheus, and Christ; what he preaches is, in effect, the Sermon on the Mount's "Give to every man that asketh of thee"). Since the tale illustrates the dire results of trust, the alteration makes little sense. Nor does the moral the Rochbergs tack on at the end and proclaim as the theme of their piece: that without confidence in fellow-men life is impossible. In fact, I find little in the opera except the trivialisation of a strenuous, gritty, and aspirant book.

The piece could be dismissed without further ado were Rochberg (aged 64) not a prominent and influential advocate of the "return to tonality." Once a successful serialist, in the early '60s he became "engaged in an effort to rediscover the larger and more sweeping gestures of the past; it has taken many forms: all of them have led me back to the world of tonal music". His excellent *Music for the Magic Theatre* (1972) employed collage. His String Quartets Nos 4-6 (1979) formed a survey of musical manners from Pachelbel to Schoenberg. (They are recorded on RCA.) I heard them with interest. They seemed to search for answers to such questions as: "What do the varied musics of the past mean to a modern listener? What of the varied musics of the present?"

But Rothberg has now settled for easy answers. In *The Confidence Man* I hear little but pastiche, a reworking of ideas that better composers—Britten, *Boulez, Walton, Mahler, Sig*mund Romberg, Mozart, Menotti — used more responsibly. Romberg appears in irrelevant *waltz drinking song*, decked with accompaniment from *Façade*. Boulez's style of high soprano writing is crudely caricatured *in effusions from* an Angel of Bright Future. The music is at once derivative, short-breathed, and repetitive. Rochberg *has declared that* modern music died in 1965 (so much for Sessions, Carter, Maxwell Davies). I find his own *later works not merely boring* and pretentious but also potentially pernicious. Is it fanciful to feel that he, as one of *America's better-known composers*, is providing cultural fodder for the reactionary and increasingly assertive, New Right? Down *with progressive ideas!* Down with progressive music! I know what I like and like what I know.

Santa Fe, having undertaken the opera, did it proud. William Harwood, conducting, had the chance to display his mastery of many operatic styles. Neil Rosenshein, fast moving into the front line of young American tenors, was ringing and true in Aster's Italianate arias. Brent Ellis took such opportunities as the title role provides. Others of note were Sunny Joy Langton (Mrs Aster), Deborah Cook (the Angel), Michael Fiacco and Carolyn James (Orchis and his wife). The cast is large. Seventeen of the Santa Fe apprentices —America's nursery of young singers much as the Glydebourne chorus is Britain's— made thei mark in small solo roles.

Edward Bond to be resident writer at university

Playwright Edward Bond has been appointed resident theatre *writer at the University of Essex* starting in October.

For a six month period. Mr Bond will work with MA drama *students at the university and* will write a new play which will be premiered by the Theatre Underground at Essex under the *department of literature's new* plays scheme.

Television/Michael Thompson-Noel

Australia wastes a multi-cultural opportunity

For a land of 15m people, Australia is excessively well catered for when it comes to television, boasting 50 commercial stations which broadcast, between them, more than 4,600 hours of programmes per week. This is in addition to the excellent National Television Service operated by the Australian Broadcasting Commission, Australia's very own equivalent of the BBC.

However, the station that is currently generating the greatest heat and light is Channel 0/28, which is operated by the Government's Special Broadcasting Service. It is Channel 0/28's thoroughly excellent aim in life to provide a multi-cultural television service designed to appeal to the host of ethnic minorities, from Greek to Chinese, from Italian to Albanian, which Australia is assimilating, with not a little skill and care, into the Anglo-Saxon majority.

Aided by a budget of almost $A30m (£17.6m), Channel 0/28 *offers a wide range of viewing*. Last week, for example, it showed on Wednesday a French documentary on Picasso and a film *Black and White*, from Greece; on Thursday it screened *Rosa de Lejos* (a series from Argentina), *Gala Espanola* (a variety show from Spain), and *Vidocq* (a French dramatisation of Napoleon's return from Elba). There were also programmes from Russia, Yugoslavia, Holland, Austria, Japan, Greece, Italy and Spain—all in their own languages, although sub-titled in English.

All of which is fine, except for two small problems. The first is that despite its very generous budget, Channel 0/28 is currently reaching as few as 1.8 per cent of the country's total viewing audience (it is seen in Melbourne, as well as half of Sydney, though not, unfortunately, in the part where I live).

The second problem is the criticism that Channel 0/28 has become over-run by bureaucrats, *who are providing programming* that reflects an Anglo-Saxon interpretation of what it is the "Ethnics" want to watch, *while at the same time failing* to provide an outlet for local multi-cultural talent. According to its critics, Channel 0/28 employs no ethnics in top management. Nor does it employ many ethnic actors, scriptwriters, or producers, though work has obviously been provided for ethnics as sub-titlers.

This is all very strange, particularly as it was thought likely that in its budget last week, the Australian Government would announce the first step towards converting 0/28 into a national *network by approving the extension* of multi-cultural television to Canberra, the federal capital.

If you have ever been to *Canberra, you will regard that* as no bad thing. But if you lived in Sydney, and had developed something of a thirst for multi-cultural television, you would wonder why on earth it was that you couldn't tune in to Channel 0/28 for love or money.

I live at Balmoral, which overlooks Sydney's middle harbour and, beyond that, the Pacific. It is a sophisticated suburb with its own topless beach, which attracts much multi-cultural talent. Yet, however hard I spin the dial, I cannot summon up 0/28. Of course, there is an official excuse — there always is — which is to do with pylons and atmospherics and problems of transmission, but for someone living close to the centre of such a cosmopolitan city, the official explanations sound mindless and pallid.

The ethnic minorities to whom Channel 0/28 is supposed to cater are reluctant to discuss *its shortcomings, for fear they* will lose it, but exasperation is certainly showing through. In general, say its critics, 0/28 has used its *money to buy foreign* films and finance offshore productions, rather than to grasp the opportunity of funding a multi-cultural television industry here in Australia.

> ❛ The ethnic minorities for whom Channel 0/28 is supposed to cater are reluctant to discuss its shortcomings, for fear they will lose it, but exasperation is showing through. ❜

One man who is not at all pleased is the Communications Spokesman for the Labor Party opposition, Senator John Button. He says Channel 0/28 has met with some success, particularly when it comes to screening foreign language films that would otherwise not have been available to an Australian audience. But he is worried by its cost, and wonders how long it can go on reaching such a tiny audience.

On the other hand, 0/28 offers some very tangible benefits, including excellent coverage of *foreign news and a general* freshness of approach which stands in fairly vivid contrast to the raucous offerings of the major commercial channels. (The minor ones are hardly quieter, as a visit to a bush town would very quickly show you.)

At first glance, Australia's commercial television channels seem totally in the thrall of foreign-bought material. Some of it is British, and thus greatly to be prized, although *Brideshead Revisited*, which has perplexed most Australians, and which finished last week, was thought to have been about a lot of pommy poofters.

Much of the rest of it is Hollywood soap. However, the commercial stations are not quite so in thrall to foreign-bought material as first would appear. According to the Australian Broadcasting Tribunal, most commercial TV stations in Australia are now broadcasting more than 50 per cent of home-grown material during the peak viewing period (6 pm to 10 pm), particularly drama, variety, and news and current affairs. Much of this material, says the Tribunal, is expensive to produce.

Some of it is excellent, some of it awful. But things are definitely looking up now that Channel 10 has launched *Parkinson in Australia*, a reasonably faithful version of Michael Parkinson's London chat show which—even Australians admit—is providing excellent Saturday viewing.

Three weeks ago his guest was April Ashley. The next day the critics were swift to praise her charm and his professionalism and sensitivity. But not everyone loves Parkinson. "This week," blared a recent edition of the Sydney Morning Herald, "the whole show is devoted to the chairman of an English soccer team—Elton John—who makes records in his spare time. He will perform some of them and everyone will cheer."

However, in the absence of channel 0/28 and a touch of multiculturalism, Elton John and his good friend Parkinson will simply have to do.

'Napoleon' at the Barbican

The historic reconstruction by Kevin Brownlow of Abel Gance's six hour epic film *Napoleon* receives two rare screenings in Barbican Hall this month. Live musical accompaniment will be provided by the Wren Orchestra under Carl Davis, playing Carl Davis's own specially composed score.

Napoleon will be shown at the Barbican in two parts with Part One on August 26 and Part Two on August 27. Both parts will be shown, with a 90 minute interval, on Saturday August 28. Seats for each complete performance range from £6.00-£15.00.

Rocket to the Moon/Hampstead

B. A. Young

To be on a rocket to the moon is Mr Prince's analogy for the feeling his son-in-law Dr Ben Stark, an unsuccessful New York dentist, will have if he has an affair. Certainly Ben needs something of the kind. He is completely under the thumb of his pretty but bossy wife; almost the only decision he can ever have made without consulting her was to engage the pretty but dim secretary Cleo around whom the whole action of the play revolves.

Ben is a dull man, no doubt of that, and David Burke, with some self-sacrifice, gives him a dull performance. Even when *Cleo, in an attractive scene of* cross-examination, makes it clear that she loves him and is anxious that he should love her, he fumbles his affections disastrously. She doesn't send him far on a rocket to the moon even then; he is handicapped by his crippling loyalty to his wife, and she thinks nothing of spending her evenings with Mr Prince or with Willie Wax, a wolfish impresario whom she imagines will make her into a great dancer.

The play dates from 1938, *when adultery was taken more* seriously than now. By the end of the evening there are three rockets in the air, Cleo having lit the blue touch-paper on each; but none of them flies very high and there is no actual explosion. All the parties talk very much about their problems, none more entertainingly than Mary Maddox as Cleo, a naive and innocent girl given to imaginative inventions about herself. Was she ever really, as she maintains, in love with Ben? We have no chance to find out, for Belle Stark (Annabel Leventon, very Waspish) bullies her husband back to reluctant propriety; and as if that wasn't enough, Mr Prince, imaginatively played by John Woodvine with a grey beard and a curve in the back, actually proposes marriage to Cleo in Ben's presence.

Alastair Muir

David Burke and Mary Maddox

The amorous ping-pong between the four of them has nothing very novel to say; it would make a sub-plot in a Restoration comedy if only the dialogue were wittier. Clifford Odets was not a playwright who went in for wit; when he has something important to say, he writes dialogue that sounds like quoting from a newspaper leader. It's Miss Maddox who holds the piece together, though she must guard against over-acting. Peter Kelly as Willy Wax is a stereotype showbiz seducer (Mr Odets's responsibility, not his).

Two other characters with little but decorative function are Phil Cooper, a dentist even less successful than Ben, admirably portrayed by Harold Innocent, and Frenchy, a young doctor from a neighbouring office, nicely done by Martin Cochrane, though without much to do. The director is Robin Lefèvre, and the set, by Eileen Diss, features a water-cooler whose main function is to give people a reason for coming on.

South Bank Summer Music

David Murray

Back in the smaller South *Bank halls until the final con*cert, the Summer Music proceeded on Monday with bits and pieces: first a Songmakers' Almanac programme of French songs and then a curious sandwich with Brahms on the outer edges. The latter concert served *to introduce the main themes* of the series, which answer to the tastes of its director Simon Rattle — classical Viennese *through Brahms*, French from Gounod to Messiaen. In fact the scheduled Messiaen song cycle had to be replaced because Elise Ross was ill; instead, Peter Donohoe gave a notably imaginative account of the *Petrouchka* pieces that Stravinsky transcribed for Rubinstein, strong-fingered but uncommonly delicate too.

Mr Donohoe followed Tamás Vásáry, who had sounded brittle, anxious and generally underpowered in Debussy's *Pour le piano*. After the interval Vásáry joined Norbert Brainin and Barry Tuckwell in Brahms's op. 40 Trio; in the quieter movements he was barely audible, at *some considerable cost* to the energy of the music—small-ensemble balance is notoriously hard to judge in the Elizabeth Hall. In the Scherzo *he made* his bursts of octaves tell, at least, and he made a properly robust contribution to the *Finale*. Mr Tuckwell's horn was impeccable throughout; Brainin was sympathetic and intent, and set the grey elegiac tone of the Adagio by playing severely *non vibrato*.

The particular success of the *concert was, however,* the opening set of partsongs by Brahms, his op. 17. The female voices of the London *Sinfonietta, firm* and beautifully balanced, were conducted by Rattle with simple and effective accompaniment by two horns *and harp. It is always a pleasure* to come upon Brahms's neglected choral music, and these four songs are quite lovely — two on gentle Romantic verses, two on translations from Shakespeare and "Ossian." Rattle drew out their long lines so well as to suggest shimmering visions beyond the words.

The Almanac concert in the Purcell Room earlier was the *first of five* devoted to the French repertoire. If the spoken component (devised as usual by the Almanac pianist Graham Johnson) *shed* little specific light on the music, it was reasonably successful in fixing the character of the little musical *movement under review* — the *melodie* production of Gounod, Saint-Saëns, Bizet and Reynaldo Hahn; and the songs were excellently chosen. The performances were not of the best vintage, unfortunately. Jill Gomez has the right general style for the period, but curious things happened to her French in transmission; Richard Jackson's sturdy, eager baritone is of quite the wrong genre for this salon stuff, and the leer he assumed for light romantic songs amounted to an affliction. Mr Johnson, at least, was in very good form.

1982 Wexford Festival

The programme for the 1982 Wexford Opera Festival, which will run from October 30 to 31, will be *L'Isola Disabitata* (1779), an opera in two acts with four soloists and no chorus, by Josef Haydn: *Griselidis* (1901) a lyric comedy with prologue in three acts with eight singing parts, a small chorus and one child by Jules Massenet; and *La leggenda di Sakuntala* (c. 1921), a dramatic opera in three acts with 11 singing parts and chorus, by Franco Alfano.

Elaine Padmore has succeeded Adrian Slack as artistic director of the Wexford Festival.

Bitter Sweet/Northcott, Exeter

B. A. Young

Bitter Sweet is fairly closely guarded by the Noël Coward estate: there hasn't been a professional production now for ten years or more, as far as I can see. So much the more welcome, then, is this enjoyable presentation at the Northcott, which over the last year has shown itself a house as imaginative as it is efficient. I went to a preview of *Bitter Sweet* last Saturday; in four days there had no been an empty seat in the theatre.

The play is directed by Stewart Trotter, who is not only a theatre man but an opera man. In his hands we are reminded that *Bitter Sweet* is not a "musical" in the current sense of the word, but a true operetta. The singing, both of the solo numbers and the choruses, has no help from microphones; those sweet songs well know so well soar radiantly into the auditorium, every note true, every syllable clear. The band has been reduced to eight, without benefit of strings, but the score as arranged by Richard Bell is perfectly adequate for this small house.

Ian Hartley, who plays Sari Linden, a.k.a. Sarah Millick, a.k.a. the Marchioness of Shayne, sings beautifully, and in her younger persona acts charmingly as well, though as the ageing Marchioness in the first and last scenes she tends to walk as if she were her real age of 21 rather than her stage age of 70 or so. Her faithful Carl is Richard Muenz, the type of romantic tenor we so often import from the U.S. or Australia —in his case, the U.S., where for the last two years he has been playing Lancelot in the touring production of *Camelot*. He has an attractive voice and an attractive manner, and is good-looking besides.

Jill Martin is a fetching Manon in Herr Schlick's café, and sings "If love were all" nicely, sitting at a table as if she were Ivy St Helier herself. The remaining 37 parts are *divided between 19 players*, ready at a moment's notice to break into a sextet for women's voices, or to become liveried *servants or naughty boys wear*ing green carnations. Tony Scannell plays the lecherous Captain Lutte, and fights a short, contemptuous duel with Carl at the end of Act 2, thus depriving us of Mr Muenz's voice for the rest of the evening.

Tim Reed's scenery for the first and third acts is fascinating. It is based on mobile modules, each consisting of a tall decorated panel with enough area beneath to accommodate a single seat. These are whirled about the stage in front of us by dinner-jacketed stage-hands to form Lady Shayne's drawing-room, or the Millicks', or the Millicks' ballroom, the transition from one to the other, under Graham Large's imaginative lighting, being a miniature entertainment in itself.

THEATRES

F.T. CROSSWORD PUZZLE No. 4,951

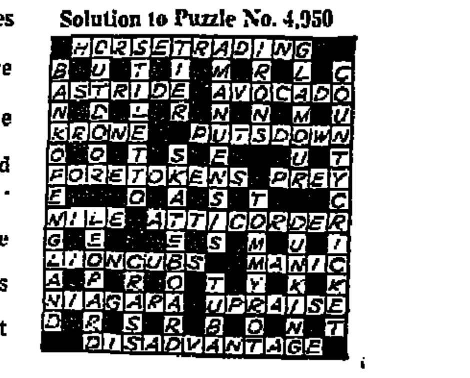
ACROSS

1 Bend a fastener (6)
4 *As much as a member can hold sounds injurious to a Cockney* (6)
8 Boy in agony from knightly champion (7)
9 Attribute to a writer (7)
11 Room temperature in producing wine (10)
12 Deserve to gain interest (4)
13 Weight of article in wagon (5)
14 Conveyor, of which Pluto was an example (8)
16 Essential part of triangle perhaps (8)
18 Irishman goes to church for a scrap (5)
20 Coastal projection indicated *in a light shower* (4)
21 Lake in Cumbria having flatter old boundary (10)
23 North European—it could be a Pole in the end. . . . (7)
24 . . . and old Greek citizen to box and heat (7)
25 Collect a pistol belonging to a female (6)
26 Smell fish from one direction (6)

DOWN

1 Debris from branch on tree (5)
2 Attractive person, one claiming to have magnetic powers (7)
3 Old Roman city, a favourite *of Elizabeth I* (9)
5 Amber? No sir, it's broken (5)
6 Hide a stamp—in these islands? (3, 4)
7 Complex system of passages in the internal ear (9)
10 Specify that it must have pairs of leaves (9)
13 Reproducing with article inside covering (9)
15 Condiment dispenser used in West Indian stew . . . (6, 3)
17 . . . and former tincture that's obsolete (7)
19 Small monkey in baseless tree (7)
21 Beats to a pulp? Or just beat (5)
22 Arrive at an open stretch of water (5)

Solution to Puzzle No. 4,950



FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Wednesday August 18 1982

Rates yield to depression

THE EXTRAORDINARY rally in fixed-interest securities on both sides of the Atlantic in recent days has provoked quite a general celebration in Wall Street; but in London equity markets have remained sullen, while in some former growth centres they have performed disastrously. It is Wall Street which seems to be a special case here: alarm about Reaganomics had driven equities down for many months. Investors in other parts of the world are reading the more general message: the fall in interest rates is only the silver lining to a very black cloud.

Influences

Three influences have combined to produce what now looks like a radical long-term change in sentiment. First, there has been a general realisation of what has been an all too familiar fact in this country for more than two years: this is no ordinary recession, and forecasts of recovery carry less and less conviction. Second has been the fall in inflation rates which has resulted from this stubborn downturn.

The third and decisive factor, though, has been the surfacing in the last few days of a host of previously suppressed nightmares about debt. The troubles of Mexico, of AEG and of International Harvester can no longer be overlooked. A small broking house in New York has failed, and there are worries about others. Investors are now more worried about risk than about a possible revival of inflation.

ed to produce what now looks

The flight into quality on Wall Street, which has produced a dramatic fall in the yield on government and first class commercial debt (a class which is now much narrower than a few months ago) is the clearest sign of the new psychology. It has not only over-ridden old obsessions about the money supply; it has also produced a mood in which the fate of President Reagan's tax Bill—produced to placate the markets—is now of less concern financially than it is politically. The prospect of a large flow of new government paper does not frighten investors who are anxious to buy government paper for safety's sake.

Meanwhile the monetary aggregates themselves, the subject of so much neurotic brooding in the past, have begun to behave in an orderly way. The reasons are just as depressing as the reasons for the market change: both borrowers and lenders have learned caution.

Healthy corporations in the U.S. have begun to adopt strategies long familiar in this country, putting liquidity and balance-sheet reconstruction ahead of growth. Capital appropriations have been slashed and there is a new drive to reduce inventories. Meanwhile bankers are becoming more selective in their lending, as well as beginning to cut their losses in seemingly hopeless cases: indeed, it is because of banking pressures that the alarms are now sounding about bad debt.

All this has at length convinced the markets that rates can now fall steeply; and as in previous corrections—in the UK in 1977 and in the U.S. as recently as October of last year—a correction of this kind rapidly gains its own momentum.

Credit crunch

The selective credit crunch in the U.S. domestic market, coming on top of the growing worries about country lending, threatens a credit contraction which could confirm and intensify the recession, as the World Bank recently reminded us; the UK authorities, too, are now more concerned to encourage steady nerves than to urge lending restraint.

In these circumstances a fall in real interest rates, which remain historically high at the long end, is not only appropriate, but urgently needed. For it is the real cost of debt service which is now the big threat to many otherwise sound official and corporate borrowers. The market is adjusting to reality.

A false move by Japan

WITH the exception of Hong Kong, Japan is probably the only East Asian society in which freedom of speech and freedom of the Press are meaningful realities. That being so it seems ironic that two countries which do not permit full freedom of expression to their own citizens—China and South Korea—are accusing the Japanese of re-writing history. The accusations relate to changes in Japanese school textbooks describing the behaviour of the Japanese army in China during World War II and that of the Japanese occupation authorities in Korea before and during the war.

The changes were "recommended" by the Ministry of Education, one of the functions of which is to approve all books submitted for use as school textbooks. The Ministry seems to have used its powers to tone down the wordings in some books and to remove details of Japanese war-time atrocities from others. No explanation has been offered for the changes. But it is difficult to avoid the impression that they form part of a general tendency of Japan's present leadership to encourage a more nationalistic attitude to the country's past.

Another apparently significant change of posture involves the way the Japanese Cabinet observed the anniversary of the end of the Pacific War. Prime Minister Suzuki and most members of the Cabinet took time off on Sunday to visit the Yasukuni Shrine, a Shinto shrine in central Tokyo which is dedicated to Japan's war dead.

The fact that the Prime Minister declined to say whether he was visiting the shrine as a private individual or as head of the Government marks a change from the behaviour of his predecessors and could just possibly be interpreted as a step towards the reinstatement of State Shintoism — a cult which flourished during Japan's militarist era.

Fine tuning

To suggest that Japan's leaders are trying to recreate the whole apparatus of pre-war Japanese militarism on shreds of evidence such as this would be ludicrously far fetched. What is not far fetched is to conclude that some deliberate fine tuning of the leadership's position on a number of delicate political issues may be under way.

The background to the Government's or rather the ruling Liberal Democratic Party's change of posture can be found partly in some developments on the domestic political scene and partly in the way Japan's global role has been changing.

In the early 1960s, when the Liberal Democrats adopted most of their earlier, low posture, attitudes on issues such as defence and foreign policy, the party was in a minority in almost every major Japanese city and dependent on the farm vote for the maintenance of a national majority. The waning of urban radicalism and the emergence of an articulate body of public opinion in the centre and on the right of the political spectrum has enabled the LDP to reveal more of its own nationalist colours.

A second significant factor has been pressure from the U.S. Japan, which was once encouraged by the U.S. to suppress its nationalist instincts as completely as possible, is now being called upon to step up defence spending and to play its part in supporting the position of the Western alliance in the North Pacific. Japanese defence spending has already begun rising in response to these pressures and will soon exceed 1 per cent of GNP.

Natural swing

The passing of this milestone might not sound like a very important event to observers in western countries to whom anything less than three per cent GNP is seen as a low level of defence spending. In Japan it will mean a significant upgrading of the status of the self-defence forces and the growth of a domestic arms industry that may become large enough to exercise influence on government policy. Both of these will be major changes from the past.

Japan's tendency to revert to at least some pre-war attitudes is not something which should alarm other nations unduly—even supposing that they could do much about it. The trend can be seen partly as a natural swing of the pendulum away from the extremes of self-effacement (in the fields of defence and foreign policy) that prevailed after the war and partly as a rather belated response to economic success.

A national bias in the teaching of history is not a Japanese monopoly—one would not have to look hard for it in Europe, let alone in those countries which are most incensed by the changes to the Japanese textbooks.

The outcry is a warning to Japan's leaders that regional sensitivities to Japan's military expansionism of 40 years ago can re-emerge on the slightest pretext.

TAIWAN'S INDUSTRY

The outcast woos the West

By Ian Rodger

THERE HAVE been rumours for years in the West that there is a room in the Board of Foreign Trade in Taipei where western and Japanese consumer goods are carefully dissected. Then they are copied by local manufacturers.

No one in Taiwan will confirm this, but there is a room in a building at Hsinchu, about 30 miles southeast of Taipei where all kinds of western machine tools are openly and shamelessly stripped, studied and, occasionally, copied.

Mr Danny Hsu, the perky general manager of the machine tool shop in the Industrial Technology Research Institute, is delighted to point first to a CNC machining centre made by Cincinnati Milacron of the U.S. and then, facing it, a near perfect local imitation, called an MTC-MC15H.

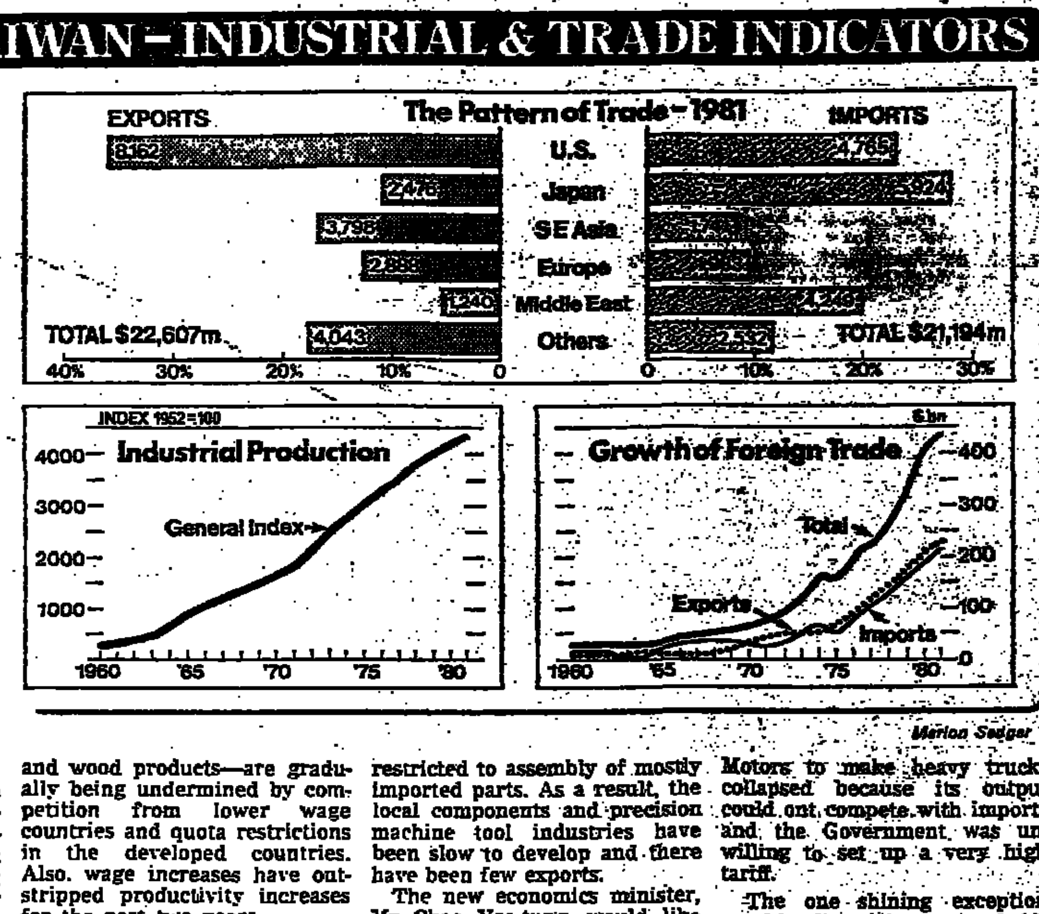
"Yes, it's a copy," he admits breezily. "You have to copy to learn, and that is what we are doing here. But that is all we are doing. Nothing we make here goes out for sale."

"The Chinese philosophy is to be honest. We don't want people to think we are always copying," says Li-Gen Kuang Fu Ku, vice-president of the institute.

The centre was set up in 1977 with the goal of learning how to make precision machine tools and, in particular, machining centres and gear cutting machines.

It is filled with a wide

Premier Sun Yun-suan



Marion Sedger

A record $3.4bn trade surplus with the U.S.

variety of machines with well-known Western names on them, such as De Vlieg, Hurth, Liebherr, Durr, Brown and Sharpe, Cross and Brown and Shipley.

Oddly, no Japanese tools are being examined.

"We don't work on Japanese machines," says Mr Hsu. "We find they are inferior to European and American machines. If we learned from second-best machines, we would end up making third-best machines ourselves."

Whether or not Mr Hsu is right, Taiwan's leaders, from Premier Sun Yun-suan downwards, have been emphasising lately their determination to buy more and more sophisticated machinery and specialised technology from Europe.

Why? Partly because they are nervous about the increasing warmth of relations between Washington and Peking, emphasised yesterday by news that the U.S. is moving to end arms shipments to the outcast island.

Last year, Taiwan had a record $3.4bn trade surplus with the U.S., its most important trading partner accounting for 30 per cent of its total trade.

Perhaps more important, there are signs that Taiwan's spectacular surge of economic growth, which has transformed the country from poverty to a significant industrial power in only 30 years, is easing.

The country's leaders are anxious to develop high technology industries to try to sustain the economy's momentum and they believe they can get better technology on better terms from Europe than from Japan.

"Japan is not interested in joint ventures with us," Mr Vincent Siew, the new director general of Taiwan's powerful Board of Foreign Trade, said. "They think this market belongs to them."

Moreover, Taiwan resents its chronic trade deficit with Japan, its second largest trading partner, which last year reached $3.5bn.

At first glance, the recent slowing down of Taiwan's economy does not seem serious. It is nowhere near as severe as the downturn of the U.S. and European economies. Exports, which account for more than half of GNP, are still growing in value, although by only 0.4 per cent in the first half of this year compared to an average annual rate of 30 per cent in the 1970s.

GNP growth in the first half was 3.5 per cent, still remarkably good by Western standards, but far short of the average 10 per cent rate in the 1970s. Government officials now concede there is no hope of meeting this year's target of 7.5 per cent.

GNP per capita is slightly over $2,000 in this country of 18m people, compared with $1,600 in near by South Korea which has a population of nearly 39m.

For most of the past 20 years, Taiwan has suffered from a shortage of industrial labour, but unemployment began to appear last year and is now said to be 1.8 per cent and rising.

Behind these figures are more disturbing structural trends. The country's major export industries of the last 15 years—textiles, consumer electronics and wood products—are gradually being undermined by competition from lower wage countries and quota restrictions in the developed countries. Also, wage increases have outstripped productivity increases for the past two years.

Mr Siew said he expected that Taiwan's trade with most European countries would move into deficit within the next two years because of the decline of consumer goods exports.

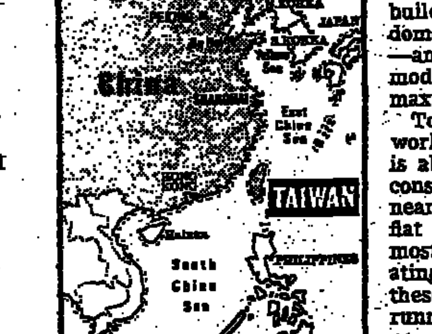
The country's leaders have been aware of this developing problem and have been attempting since the early 1970s to nurture higher value industries, particularly mechanical engineering, to sustain growth.

Initially, the results were impressive. Taiwan has become a leading world supplier of hydraulic jacks, hand tools and a variety of home hardware. It has also, to the increasing embarrassment of the Government, become a leading supplier of counterfeit car parts and toiletries around the world.

On more sophisticated products, the country has had more difficulty breaking into the international leagues. Take the car industry, for example. Six manufacturing plants have been established but five of them are restricted to assembly of mostly imported parts. As a result, the local components and precision machine tool industries have been slow to develop and there have been few exports.

The new economics minister, Mr Chao Yao-tung, would like to scrap the five small plants and build a second large one which could contemplate exporting and around which a components industry could flourish. But the existing suppliers oppose such a venture, arguing that it is too late for Taiwan to try to compete in the world car industry. The Government is taking a "very cautious" approach to the proposal, as one official put it, not least because car sales in the country have softened considerably. Yue Loong Motor's new large factory at San-Yi is producing only 100 cars a day, a third of the production rate a year ago.

There is a lively debate on whether the country should continue to attempt to develop capital intensive, heavy industries, or give them up to importers and concentrate solely on high technology industries



A number of other capital-intensive industries are also in difficulty, including the Government owned petrochemical industry, copper and aluminium smelters and the shipbuilding industry. Earlier this month, a joint venture between the Government and General Motors to make heavy trucks collapsed because its output could not compete with imports and the Government was unwilling to set up a very high tariff.

The one shining exception to this disappointing performance in heavy industry has been the country's new steel industry. But 97 per cent Government-owned China Steel has performed well partly because it has been modest—building capacity only for domestic needs, not for export—and partly because it has a modern plant designed for maximum flexibility of output.

Total capacity at Kaohsiung works is only 3¼m tonnes, which is about two thirds of national consumption, but it produces a near complete range of long and flat rolled products. While most world steelworks are operating well below their capacity these days, China Steel is still running at slightly over its nominal capacity.

However, even China Steel looks headed for a loss this year, emphasising the extent to which the economy is in recession.

There are those who argue that the current recession is no different from the one that hit the country in 1974-75 following the first oil crisis. And many government officials cling to a vague, unsubstantiated optimism that things will start to pick up next year.

But there is also a lively debate on whether the country should continue to attempt to develop capital intensive, heavy industries, or give them up to importers and concentrate solely on high technology industries.

Dr Wang Chi-wu, vice chairman of the National Science Council, argued strongly for "leapfrogging" capital intensive industries. "They take up too much land and too much money, and they cause pollution."

Dr Wang has promoted the establishment of a science park at Hsinchu — inevitably, he calls it Silicon Plateau — where entrepreneurs in electronics, precision instruments and sophisticated materials are invited to set up in business on highly favourable terms.

After 20 months of operating, 22 companies are in production at the park, most of them run by Chinese emigrants from the U.S. The Japanese are not being invited.

Dr Wang said about half the companies were already profitable, but it was too early to draw any conclusions.

"Our effort is an heroic one," he said. "High technology industries offer high rewards but they also involve high risks."

Perhaps for this reason the Government is adopting a more cautious approach, still trying to find some opportunities in capital - intensive industries while moving gradually into high technology.

"I don't think we can compete with Japan, the U.S. and Europe in the strategic industries for at least 10 years," Mr Siew said. "We won't be able to produce our own big or micro computers, but we can do software. The Chinese are good at mathematics. Our policy is to be complementary to the advanced countries."

Taiwan officials point to their purchase of four Airbuses two years ago for $200m as proof of their eagerness to develop trade with Europe. It was the first time the country had bought aeroplanes outside the U.S.

Feasibility study for an underground railway

Since then, German companies have been particularly vigorous in pursuing trade with Taiwan. The value of imports from Germany was up 34 per cent in the first half of this year to $450m and the Duseldorf trade fair company, Nowea, organised a major machinery show in Taipei in May.

Britain's Northern Engineering Industries won an £80m contract in May to supply equipment for a nuclear power station in Taiwan but the station was subsequently postponed because of declining demand for electricity.

A British consortium is also carrying out a feasibility study for an underground railway in Taipei expected to be worth $5bn.

According to the Asia Trade Organisation, a quasi-official trade promotion agency in Taipei, Taiwan's current shopping list in Europe includes energy saving devices, oil substitutes, metal alloy technology, information science and automation equipment and genetic engineering.

"You see we are interested not only in selling, we are more interested in buying," Mr Siew said.

Men & Matters

French connection

Dr Keith Humphreys, aged 48, believes that "businessmen should be politicians." That is a view-point which should help him rationalise novel situations arising in his new job as managing director of May and Baker, the chemicals and pharmaceutical group.

May and Baker, with headquarters in Dagenham, has a worldwide staff of 7,500 including 4,000 in Britain. The company also has the distinction of being wholly-owned by the recently-nationalised French chemicals giant Rhone-Poulenc, a company 10 times bigger.

Rhone-Poulenc lost FFr 335m last year, and is the centre of a political row following the resignation of its chairman, Jean Gandois, after expressing his disgust at nationalisation.

The May and Baker business, in contrast, turns in healthy profits (£15m pre-tax last year), besides funding an investment programme in new plant and materials running at more than £10m a year without recourse to its parent.

Gandois accused the Socialist French Government of "turning state industry into a sort of public service which the state has to subsidise to allow to live."

But so far May and Baker in Britain has kept clear of the whirlpools generated by the wholesale nationalisation of French industry. Humphreys says: "I see us as a British company with a single shareholder which just happens to be a French state-owned company."

Humphreys has also become chairman of Rhone-Poulenc UK which sells the French company's products into Britain. The overall marketing strategy is that May and Baker and Rhone-Poulenc products should be complementary as far as possible, and sell side-by-side in world markets—with May and Baker being responsible for both companies' sales in, broadly, the old Commonwealth countries.

Four out of the 11 May and Baker board members are Rhone-Poulenc men. But as long as Humphreys does not have to ask for cash (and that seems highly unlikely given the healthy state of his company) he expects that May and Baker will continue without hindrance along its private enterprise road however frequently the tumbrils roll in Paris.

Rainy days

The heavy rains which have battered Hong Kong over the past three days appear to have contributed their own piece of grief to the colony's tumbling stock markets.

One factor in Monday's bearish sentiment was, according to a story doing the market rounds, a chance observation made by a broker through the morning's torrents.

Outside the doors of a local bank, he is said to have seen a crowd of fifty or so grim-faced people. Amid the prevailing atmosphere of nervousness and gloom, the queue conjured up that most ominous of all financial fears—a bank run.

Such a catastrophe would have been like pouring oil on the ice down which the Hong Kong stock markets have been sliding. Fortunately, there was a more easily digestible explanation. The line of locals was sheltering from the rain.

And so to Tuesday, with the market this time inspired by the opening of a ballroom at the Hilton Hotel. It was not so much that brokers were cheered by the prospect of a new place to tango, as that the man doing the opening was Li Ka Shing, superstar of the Hong Kong property boom and chairman of Cheung Kong (Holdings) which even in today's flagging market is still capitalised in terms of billions of Hong Kong dollars.

Li is reckoned to own about half of Cheung Kong, which he has built up from profits of just over HK$50m in 1976 to HK$1.4bn in 1981. That sort of track record makes him powerful medicine in Hong Kong—which yesterday was of the pick-me-up variety.

Cheung Kong has attracted more than its share of rumours lately, and soothing words are being said about the company, Li's commitment to it, and the jitters which have shaken Hong Kong in recent weeks.

Now, if only Li could find a way of stopping falls of rain as efficiently as those of shares, Hong Kong really would be a jollier place these days.

Film start

Few of us forget the hot palms and trembling knees at our first job interviews. Face-to-face across the desk with the prospective boss we were mumbling blobs of jelly.

Now technology has come to the rescue with the video interview. It is called the Pipco Videoscreen. Potential employers advertise. Hopeful recruits to their enterprises are put on tape in a cool and calm condition at Pipco's Hounslow studio. Completed cassettes are sent for the employer to study at his leisure.

"It can't be the same as the eyeball to eyeball confrontation," I suggested. Pipco replies, "Take the case of a building construction company recruiting for, say, a contract in Saudi Arabia. Think of the savings in time, travelling expenses, and hotel costs."

Pipco adds soothingly, "It is all very civilised. There are no glaring studio lights, no clapperboards. It is almost a push-button operation costing as little of £30 for each person."

The stone-faced boss and the sweaty palms might be less of an ordeal to some of us.

Second try

Charles Ranald left the City eleven years ago with about £500,000 after selling out from Castle Britannia, a unit trust group which he had built up.

Two months ago he reappeared from his Monte Carlo base to offer a million $10 shares in Forexfund, a Bermuda-based and managed currency fund.

The minimum start-up requirement was $3m. But only $2.1m was raised and the show temporarily ground to a halt.

Since then Ranald has been persevering in the Square Mile. He has now persuaded the institutions to stump up the $900,000 shortfall.

Emboldened by his success he intends to issue another prospectus on Friday—once more he will be offering a cool million shares.

Ranald's unusually high management fee (1.375 per cent) is thought to have contributed to the lack of demand for the June offer. But he is sticking to that percentage with his new issue arguing that because Forexfund is based in Bermuda it should be regarded as a Rolls-Royce among currency funds.

However, he is making one concession towards these difficult times in his new venture. The minimum subscription will be reduced from $20,000 to $10,000.

New York style

New Yorkers seem to have a limitless capacity for the eccentric grand gesture. A visitor the other day was surprised when her host arrived to take her for lunch in a taxi—she thought they were eating in the restaurant opposite her hotel. As they got into the cab the New Yorker shouted to the driver: "Across the street and step on it."

Observer

TOXTETH RIOTS: ONE YEAR ON

Heseltine's private sector gamble

By Ian Hamilton Fazey

MR MICHAEL HESELTINE, the *Environment Secretary*, confesses that a year ago he literally bit his nails for three days. He had just spent a fortnight on a tour of Merseyside, in the wake of the Toxteth riots, trying to work out how the Government should react. He decided that the time had come to gamble.

He says: "Believing, and as a Tory I must, that it's the chaps at the top who carry the responsibility, *I asked my lads to* ring up 30 or so of the most significant bosses of the financial institutions and invite them on a bus trip. It was an anxious time waiting for the first replies to come in. Then, we began to get one or two impressive acceptances and we knew we'd made it."

Thus did the now-famous "money bus" tour of Merseyside get under way—a charabanc packed with the trustees of Britain's savings—the chairmen and chief executives of banks, building societies, insurance companies and pension funds.

A year later, Mr Heseltine is waiting for his bigger gamble to pay off. This requires those money bus tourists, all of them accountable in some way to shareholders, investors or savers to embrace his vision of late 20th-century *noblesse oblige* by putting up private sector money for Britain's inner cities.

Michael Heseltine, amid reconstruction work in Toxteth

In its enlightened self-interest

Mr Heseltine believes that he is going to win. He thinks that the private sector will come to realise that it is in its enlightened self-interest to invest in solving the urban problem, making profits while doing so. He seems undismayed at an apparent slow take-up of opportunities, saying that it will take time for people to get used to the changes he has made in funding arrangements.

And although he looks thinner and more tired, after nearly a year as special Minister for Merseyside as well as Environment Secretary, he is not biting his nails these days. He believes he proved his case when playing courier on the money bus. "It was a watershed in our approach to the problems of inner cities. The tour will come to be seen as one of the most significant things in the development of policy," he says.

Is this real confidence, or mere optimism? Mr Heseltine's critics say that, despite his efforts, worthwhile results have yet to appear. Some critics in the Labour-controlled Merseyside County Council are privately very cynical about nearly everything he has done, claiming that he is a publicity seeker, taking credit for others' initiatives and using them to make it look as though he is achieving more than he is.

Mr Heseltine has been trying vigorously to promote a "community of purpose" on Merseyside and elsewhere. Significantly, his best response so far has come from Birmingham, which his own party took control this year. Labour politicians in other cities are less happy about giving Mr Heseltine political credit by backing him at a time when they are very angry about cuts in rate support grants.

What has happened on Merseyside so far? Housing estates are being refurbished, creating pockets of work for unemployed people. Enterprise workshops, with private sector finance, are being built. Four information technology training centres, two of them funded by industry, were the first in Britain, and two of their most able students have been offered jobs in mid-course.

The private sector has put up £1m for sporting facilities, forcing Mr Heseltine to fulfil a promise to match that sum. Local industry has lent 18 managers to form a task force. Its projects range from import substitution schemes to marketing empty factories and improving the tourist potential of a boat museum. One of the "secondees" is sorting out the numerous damage claims from the Toxteth riots, and another has set up a training centre that turns out to be sorely needed—one for the service industries.

Environmentally, the way has been clear for rapid development of two key sites, the derelict land around the Anglican Cathedral and the Albert Dock, a complex of historic warehouses similar to St Katherine's, London, and capable of a similar transformation.

One of Mr Heseltine's first acts in office was the creation of urban development corporations for London and Liverpool. Their job is to regenerate disused dockland, in Merseyside's case the several miles of it that were formerly decaying between Toxteth and the Mersey.

Headed by Mr Leslie Young, chairman of J. Bibby, the Merseyside Development Corporation (MDC) has been using its freedom from planning constraints—it is its own planning authority—to clear sites, de-silt old docks to take water again, build advance factories and buy the Albert Dock. Most noticeably of all, it is preparing for the 1984 International Garden Festival, the first of its type in Britain, which, it is hoped, will bring about 3m visitors to Merseyside.

The MDC, conceived in 1979, formed in 1980 and vested with its powers in 1981, is now making visible progress. Mr Heseltine says that this is working proof of his insistence that, however hard he tries, "there is a time scale you can't buck. What we are doing will have a cumulative effect: the first year, not much; the second year, a bit more; the third year, quite a bit; and, by the time you've done 10 years of it, dramatic."

What Mr Heseltine has done on Merseyside is to pull together many strands and use his clout as a Cabinet Minister to drag his "community of purpose" out of people, companies, institutions, and warring political factions. His approach has won the support and respect of most levels of the community.

But lurking in the positive assertions is a word he uses often—"hopefully." Thus, £70m of Government money for the nationwide Urban Development Action Grant (UDAG) scheme from April next year will "hopefully" attract another £200m of private sector investment. This will flow from the work of FIG, the Financial Institutions Group, formed by civil servants and secondees from the money bus companies. The theory is that marginal projects that might have been thought insufficiently worthwhile for private investment to fund alone can now be lifted past the threshold for go-ahead by Government grant.

Take-up will probably be slow for one very straightforward reason: UDAG was launched only this summer, and the closing date for the first year is the end of next month, an impossibly short lead time for most of the reclamation, restoration, conversion, and regenerative projects for which it is designed.

Nationally, Mr Heseltine says that new attitudes are already emerging from companies represented on the money bus tour. For example, all of the major banks have now appointed inner city development managers to look for investment opportunities. Building societies are opening inner city branches, lending more readily to those with low incomes and providing money for experimental housing schemes. Building companies are working with local authorities to use inner city land for low-cost housing.

The twin planks of Mr Heseltine's urban strategy appear to be "community of purpose" and, ultimately, private sector finance for growth of industry and commerce from the roots upwards. Are his objectives realistic? The community of purpose of an ever-political Merseyside may well not survive long the expiry of his 12 months as the region's special Minister, and what can he expect from Labour councils at loggerheads with him over public expenditure cuts?

A responsibility to communities

As for private sector finance, profitability will surely be the ultimate test.

Yet Mr Heseltine sees the role of the large company in an advanced capitalist economy as crucial. "It's not just the question of making profits, although that is the first and vastly most important obligation. The best companies must accept a responsibility to communities in which they trade. You can call it paternalism, but I just know that with power goes responsibility."

The acid test of the credibility of Mr Heseltine's inner city policy will be how many companies come to agree with that and act accordingly.

The British Economy

There is an alternative to monetarist strategy

By David Basnett

THE ECONOMIC recession, the new determination of employers to cut back on union power, the effects of the Government's monetarist policy and exhortations to employers to crack down on unions, are all having a detrimental effect on unions as institutions as well as on trade union members.

Redundancies in the private sector and cutbacks in the public sector are throwing thousands of our members on the dole. We are being obliged to settle for cuts in real wages for our members, many of whom can hardly afford them. The loss of jobs is creating major inroads into trade union membership in our longest established and best organised areas.

In many ways the resilience of the trade union movement to this attack is most impressive. *It is a purely defensive* resistance as far as the majority of members and the general public are concerned. We have not got across, now or at any time in the past two decades, the positive aspects of trade unionism and of trade union-based collective bargaining.

Nor have we got across the real message that there is a genuine and credible alternative to the monetarist strategy now being adopted by this Government.

This is not to say that the trade union movement have not put forward alternatives. Both the TUC and the Labour Party, as well as individual unions, have argued strongly for a policy which makes sense in macro economic terms, and which could put the economy back into a "benign circle" of growth, investment and employment. It would be a long haul. Probably longer than five years of one parliament. But there is an alternative, and the alternative does add up.

The alternative is usually criticised by our opponents and detractors who ask two questions: Where is the money coming from? What about an incomes policy?

The first of these questions is both relevant and answerable. The TUC Economic Review spells out the resources that still exist within our economy, if only they were *directed to better and more* productive use.

It is to the second question that I wish to direct my attention. It has been the question at the heart of economic policy-making and economic controversy over the last two decades—but I would argue it is not a question with any real relevance.

In terms of economic efficiency, in terms of control of inflation, and in terms of the overall wage bill, incomes policies have been a failure. The obsession with incomes policies has diverted attention away from the more serious issues of how we plan, allocate, price and locate the productive resources of capital and labour in order to maximise long-term growth prospects, prosperity, and a more equitable division of income and wealth.

Yet those who oppose incomes policies as a matter of

Rigid norms and limits make long-term control of inflation harder

course can hardly claim that so-called "free collective bargaining" has delivered the goods either. *In those rare* periods in the past 20 years when we have been free of either voluntary or statutory incomes policies, the operation of the free market, and the concept of trade unions being able to bargain on the basis of their labour market strength, has not brought about any great benefits either. Inflation has not abated, industrial efficiency has not been enhanced, the quality of the labour force has not been improved, and the position has, if anything, got worse, during those periods of free collective bargaining by the trade union movement as a whole.

I am opposed to rigid norms and limits, whether statutory or voluntary. In my view they are counter-productive. They do not, except for very short periods, contain inflation, and make long-term control of inflation more difficult. In addition, incomes policies have seriously inhibited positive developments *in the structure and scope of* collective bargaining.

I would advocate a more piecemeal but positive approach to both the development of collective bargaining and the control of inflation. Such piecemeal approaches may not appeal to the purists on either side of the "incomes policy versus free collective bargaining" debate. But they merit serious consideration within the movement and beyond.

I propose five major new components of such an approach to form the basis of a TUC/Labour Government understanding on this area:

- An annual economic assessment, monitored constantly by the TUC and the Government through the year;
- A TUC organised review of the structure of collective bargaining and setting priority objectives for the trade union movement as a whole;
- A new and powerful "Prices and Monopolies Commission" to control the key prices within the economy, with consequential effects on wage bargaining;
- A new Minimum Terms and Conditions Act which would set down minimum benefits to the low paid, including a statutory minimum earnings level;
- A new system of "comparability" which would establish within broad terms wage levels for public service workers in the non-trading public sector.

I have spelt out these ideas in my recent pamphlet* but much further thinking needs to be done. If the proposals were adopted, they would give the trade union movement substantial additional influence over a wider range of terms and conditions and of economic and social policy, and additional responsibility within decision-making at national and corporate levels. That is the positive way forward for the trade union movement. And that, rather than the sterile argument over "incomes policies and free collective bargaining," is the way forward we should take.

** "The Future of Collective Bargaining" by David Basnett, available from the Fabian Society, price £1.50.*
David Basnett is general secretary of the General and Municipal Workers' Union.

Letters to the Editor

British Shipbuilders: efficient but orders needed

From Mr F. Field, MP.

Sir,—Andrew Fisher (August 13) is right to praise the work of Robert Atkinson and his team at British Shipbuilders and in doing so to report the latter's view that "BS is now among the most efficient shipbuilding organisations in Europe." The key to this increased efficiency has been a remarkable rise in productivity over the past two years.

Because I represent a shipbuilding constituency, I am aware of this change in the industry's performance. Robert Atkinson has led a team which has successfully harnessed the goodwill of the unions. Here, I guess, Ken Griffin — the deputy chairman—has played a key role. This team-work has been felt at Cammel Laird where, for example, we have just built a type 42 frigate in four rather than the five years laid down in the contract.

More and more of the men in the yard now accept that only by increasing efficiency do they have a chance of retaining a job. But, as you report, no increase in productivity can enable us to match bids from a country which does not cover its raw material costs. The South Korean Government is massively subsidising its shipbuilding industry so as to win an increasing share of the world's market. Once this has been established it is improbable that the heavy subsidy programme will continue.

It is at this point that the UK shipbuilding industry faces its greatest difficulty. It is classified as one of the old basic industries which conventional wisdom commits to an early grave. Yet behind the industry's old facade I am witnessing in Cammell Laird the rise of a new industry which develops the skills of the yard well beyond that of shipbuilding.

Does the Government realise it has the basis of a success at BS? If it does, it needs to act quickly. There is the promise of six frigate orders and one hopes that there will be other orders from the public sector. If these orders do not materialise very soon, large numbers of men will be made rendundant before the summer is out. If this happens we lll not only lose a further part of our industrial base, but all those of us who have argued the case for increased efficiency—including the Prime Minister herself—will be discredited.

Frank Field.
House of Commons, SW1.

Don't shoot the messenger

From the Economics Director, Association of British Chambers of Commerce

Sir,—Mr Peter Riddell's comment "Don't shoot the messenger" (Lombard August 13) will be widely welcomed. This is not simply because of his kind remarks about the ABCC but because of growing concern at *the way in which comment about* economic and industrial policy is becoming entwined with questions of party political loyalty.

All parts of the United Kingdom are suffering from high levels of unemployment. Many of the older industrial centres are beset by the problems both of industrial change and industrial decline. These problems are not insuperable provided that all the interested parties — *central government, local* authorities, industry and commerce, trade unions — work together to carry through programmes designed to meet specific problems such as shortage of trained labour, planning delays, inadequate infrastructure and urban dereliction.

A great deal of progress has been made in recent years by a considerable number of chambers of commerce and industry in bringing together various interests to make a practical contribution to economic recovery. The expanding role of chambers of commerce and industry in the urban programme has, for example, led to pressure on chambers from local authorities and the Department of the Environment to support a particular line when a conflict of interest occurs. Our ability to play a constructive role depends upon our being *accepted as the representative* of the local industrial interest, not a political party.

The "Are you for us or against us?" mentality referred to by Peter Riddell crops up quite often enough as it is. At our annual conference last May, reference was made to how this question was used against a proposal for use of inner city partnership money for a training scheme in Brixton. Anything *which places obstacles in the* path of sensible co-operation between free enterprise and local or central government to tackle unemployment at its roots, is likely to have rather unfortunate social—as well as economic—consequences.

J. R. S. Egerton.
The Association of British Chambers of Commerce.
Sovereign House,
212a Shaftesbury Avenue, WC2

Trade associations in travel

From the Chairman, Dooley Travel Group

Sir, — I would like to congratulate your aerospace correspondent Michael Donne (August 9) on being the only national newspaper reporter who really seems to understand the highly complex world of cut-price travel. Unfortunately, not everyone in the travel industry seems to share Mr Donne's knowledge and there is one important misconception that should be cleared up.

In the article, Mr Ian Ritchie of the Fare Deal Monitoring Group is quoted as saying: "...in the best interests of the air travel consumer, the bona fide licensed travel agent, and the airline industry." And in you comment column of August 12 there is a reference to "established officially licensed travel agents."

There is no such thing in Britain as a "licensed" or "officially licensed" travel agent. Agents can join IATA (the International Air Transport Association) or ABTA (the Association of British Travel Agents), but both these organisations are nothing more than trade associations.

The Department of Trade 1978 "Report of the working party on discounted air fares" said that legislation would be required before agents could be licensed, and added: "The cost of a licensing scheme would be substantial, and these costs might ultimately fall on the consumer, who might see it as an extra burden in order to prevent his getting a ticket at a bargain price."

Government spokesmen have been even more blunt about people who try to pass off IATA and ABTA as "officially sanctioned" organisations. In the House of Lords Lord Trefgarne, the (then) Government travel spokesman, brushed aside a question about IATA with: "My Lords, IATA is a trade organisation of the airlines concerned. My noble friend ought therefore to put his question to the airlines."

IATA represents less than two-thirds of the world's airlines. Many large airlines choose not to belong to it. Members in Britain certainly have no "official" seal of approval. Despite the impression given by many people in *IATA circles*, the people who control, supervise, and authorise air fares in Britain are the Civil Aviation Authority — not those working for, or part of, any trade association. The only people officially licensed by the CAA are air travel tour operators, who require an ATOL (Air Travel Organisers Licence) permit. The vast majority of IATA and ABTA agents do not have this official permit.

Riaz Dooley.
221 Wesbourne Park Road, W11.

Health service pay

From the Chairman, Reward Regional Surveys

Sir, — Norman Fowler deserves more publicly vocal *support from* individual business men than he has received to date.

By holding steadfastly to the Department's latest offer, he is ensuring that wages in the health service, whose staff have been expanded since 1979, remain at, or only slightly above, the level of increases currently being negotiated in most private sector businesses employing 50-5,000 staff, whose numbers have been severely pruned over the same period.

Figures from the 700 companies of this type who submit data to us, support Confederation of British Industry findings that current private sector increments average 6-8 per cent and are, if anything, reducing. Of course, some financial, retail and other groups *have settled for more but then* some medical staff choose to operate in the higher paid but lower *security* world outside the NHS.

In addition to supporting a stand that will help to avoid pressure for suicidal private sector settlements, the increasing band of companies offering private health insurance plans will also have noticed the very large premium increases recently requested by provident associations. The fact that, in negotiation, many settlements have been at dramatically lower levels does, we feel, reflect not only competition between suppliers but the associations' revision of their internal forecasts of likely private medical cost inflation following Mr Fowler's stand.

Peter M. Brown.
Reward Regional Surveys,
1, Mill Street,
Stone, Staffs.

Restmor increases profits to £1.31m

BABY CARRIAGE and nursery furniture maker, Restmor Group, has produced increased pre-tax profits of £1.31m compared with £1.2m for the year to April 30 1982. Sales for the period moved ahead from £10.93m to £11.42m.

The final dividend has been lifted from 4.5p to 5p which raises the total from 5p to 5.5p. Earnings per 25p share are given as rising from 13.49p to 15.7p.

The group's main customer is Mothercare.

At the halfway stage profits dipped from £605,000 to £589,000. The directors then stated that the depressed state of the economy and difficult trading conditions were reflected in the reduction in turnover from £5.84m to £5.2m. They said that it was only by strict control of all costs that margins had been maintained.

There was a reduced tax charge for the year of £498,000 against £506,000 and interest receivable rose from £148,000 to £315,000.

● comment

It was entirely thanks to interest from its growing cash pile that Restmor managed its 9 per cent increase in pre-tax profits. Gross trading margins slipped to under 9 per cent, and trading profits fell by about 6 per cent, but steady profits performance, together with lack of acquisitiveness and cautious dividend distribution is reflected in a net cash position of around £4m. In a sense the trading profits too can be seen as a reward for caution: Restmor cut back its workforce two years ago in the wake of record profits, and have not been forced to engage in emergency cost cutting as the recession deepened. However, demand is still very flat and Restmor will do well to show more than a modest improvement this year. The growth just achieved clearly impressed the market nonetheless: yesterday the shares gained 8p to colse at a 1982 high of 98p, yielding just under 8½ per cent.

Yearlings down

The interest rate for this week's issue of local authority bonds is 10⅞ per cent, down three eighths of a percentage point from last week and compares with 14½ per cent a year ago. The bonds are issued at par and are redeemable on August 24 1983.

A full list of issues will be published in tomorrow's edition.

Unilever down £3.4m at six months

SECOND-QUARTER 1982 taxable profits of Unilever have fallen from £210.2m to £205.3m, leaving half-year figures to June 30 down £3.4m at £377.8m. First-half sales rose by £287m to £6.16bn, with £3.13bn as against £2.99bn coming in the latter three months.

Attributable profits for the second quarter showed a significant fall from £136.6m to £105m, mainly because the comparative results included exceptionally high stock relief in respect of UK tax, of which £22.3m related to previous years and £4m to the first quarter of 1981.

Of the attributable figure, £51.3m (£71.9m) related to Unilever PLC and £53.7m (£64.7m) to Unilever NV. Combined earnings per 25p share dropped from 36.77p to 28.27p.

In Europe, second-quarter results in total were down. Frozen products had a good three months, principally because of an improved performance in ice cream, while results of detergents and personal products were about the same as in 1981.

Edible fats and other food and drinks, however, were lower than last year — mainly due to restructuring costs — and results of paper, plastics and packaging were still depressed. But there was some recovery in the other industrial businesses, notably in chemicals.

In North America, total results were slightly lower than in the second quarter of 1981. UACI's figures were good — helped by a strong performance in Francophone Africa — and have still not been affected by import restrictions in Nigeria.

In the other countries outside Europe and North America, there was little growth and the results of the group's operations were slightly below those of the second quarter of 1981.

Second-quarter group operating profits fell from £212.4m to £203m and the six months' result was down at £368.9m (£381.2m). First-half share of associates profits was £27m (£28.8m), income from trade investments added £1.6m (£0.7m), while interest took £19.7m (£29.5m).

Tax charge decreased from £176.3m to £173.6m. Tax adjustments on previous years produced credits of £3.7m (£23m), minorities and preference dividends accounted for £15.4m (£13.5m), leaving attributable profits for the half-year of £192.5m, compared with £214.4m.

The attributable result was split between PLC as to £99.6m (£112.6m) and NV £92.9m (£101.8m). Combined earnings per share dropped from 57.71p to 51.82p for the six months.

Current cost pre-tax profits were £265.2m (£275.3m) for the half-year and £150.1m (£160.5m) for the second quarter.

See Lex

HIGHLIGHTS

After looking at the markets Lex concentrates on the major company news of the day. Unilever's half-time profits are down 1 per cent to £378m, taking in a slightly larger rates of slippage in the second quarter. The trading background has been dominated by flat disposable incomes around the world, with little movements from currencies to help. Taylor Woodrow's half year to June showed pre-tax profits up from £8.4m to £9.6m with much of the gain a result of lower activity levels boosting cash flow and reducing the depreciation charge. Finally the column looks at dividend prospects at British Petroleum.

Taylor Woodrow up 15.3% halfway

ON A marginal increase in turnover, from £280m to £287m, taxable profits of Taylor Woodrow, the international engineering, construction and development group, expanded by 15.3 per cent to £9.64m for the first six months of 1982, compared with a previous £8.36m.

At the annual meeting in June, the directors said that for the first five months of the year profits were running at a slightly higher level than those of the comparable period in 1981. They added that business was in good order and they looked to the future with confidence.

Total pre-tax profits for 1981 were little changed at £24.88m (£24.84m).

From first half earnings of 15.7p per share, against 14.1p, the interim dividend, to reduce disparity with the final, has been stepped up to 5.5p (3.15p) net. The directors say that although this represents about one-third of the total paid for 1981 (16.307p) they stress that it must not be assumed that it will lead to an increase in the total for the current year.

Six months' trading and investment income was just ahead at £13.52m, compared with £13.76m, but depreciation charge was lower at £5.36m (£6.39m), and share of profits, less losses, of the associate companies advanced from £974,000 to £1.18m.

After tax of £4.29m (£3.77m) and minority interests of £410,000 against £454,000, the available balance came through ahead from £4.14m to £4.94m. The interim distribution will absorb £1.82m, compared with a previous £929,000.

Results of overseas companies were converted to sterling at the rates of exchange ruling at June 30 in each year, directors state.

They also point out that no figures have been produced on a current cost basis because they feel that the effects of seasonal variations in the level of capital employed and the methods adopted for accounting for profits on work-in-progress would combine to make such figures misleading in comparison with figures for the full year.

See Lex

N. AMERICAN TST.

Short term borrowings of Northern American Trust have been invested initially in the U.S. treasury bond market.

Phicom back in profit midway with £0.5m

FOR THE six months ended June 30 1982, Phicom, light engineer, data and video concern, has come back into the black at the pre-tax level with £521,000, compared with a previous loss of £616,000. Turnover expanded from £12.72m to £15.8m.

For the whole of 1981 the group incurred losses of £1.53m (£1.33m profits), but the directors noted that recovery seen in the last three months of the year had continued in the first quarter of 1982.

Earnings for the first half are shown as 0.7p (1.6p loss) on a net basis, and 0.9p fully diluted, and the interim dividend is boosted to 0.25p (0.15p) net—last year's total was 0.3p.

Trading profit amounted to £989,000, against £80,000, and was divisionally split as to: instruments £178,000 (£207,000 loss); electronic enclosures £405,000 loss (£147,000 loss); data communications £1.32m profit (£370,000). Profit from investment and property disposals less reorganisation and redundancy costs took £104,000 loss (£64,000 profit).

Interest charges for the six months were similar at £305,000 (£331,000), but associate losses were lower at £163,000, compared with £273,000. Tax charge took £129,000 (£34,000) leaving net profits at £392,000 (£650,000 loss).

The closure of Bryans SA, disposal of Skinners (Electro Platers) and various final adjustments in respect of the sale of Bryans Southern Instruments, have resulted in extraordinary costs of approximately £210,000 which will be charged in the accounts for the year, directors point out.

The instruments division, following the sale of Bryans, has returned to profit. Shandon Southern Products, which exports substantially to the U.S. and Europe, has been affected by the recession in these areas, but the introduction of several new products during the last nine months will benefit the results in the future, directors state.

Magnetic Components continues to produce good results and the order book remains high. Following the loss of its major agencies, a decision has been taken to close the French subsidiary of Bryans which was not included in the sale to Gould.

Data Communications division results are excellent with all companies trading more profitably than a year ago. Deliveries of Puma telex machines to British Telecom were at a high level. The effect of the recent liberalisation of the market for telex equipment had been anticipated and Trend Communication is confident in the future of its products under the changed arrangements. Directors add that new instruments due to be introduced towards the end of the year will enhance the division's worldwide competitiveness in the data test equipment market.

The continuing loss on the electronic enclosures side is concentrated in Imhof-Bedco Special Products and in I-B Gerard in France. It was anticipated in the last annual report that there would be a loss in the former during the first half. In the event, it was worse than expected, largely due to higher than anticipated costs on new contracts accepted at right margins.

The associated company Rank Phicom Video Group reduced its loss, largely as a result of progress in its reorganisation and of increased activity in prerecorded cassette duplication, the directors point out, where substantial additional capacity came on stream at the beginning of the year; this is a new market of which a large share has been obtained.

The broadcast facilities business is still suffering from pressure on margins, coupled with the very high fixed cost structure which besets the industry. The amount of work available from Channel 4 and other new programming activities is not yet up to expectations although activity has been higher since the end of the half year. The non-broadcast business traded profitably throughout the period, directors state.

On a CCA basis pre-tax profit is reduced to £97,000.

● comment

Phicom's return to profits was not unexpected, but the shares gained 4p with the news of an increased dividend and hit the year's high of 28p. The good improvement in data communications is thanks to increased business rather than cost-cutting, but the company is not sure whether it can maintain the present momentum because of growing competition in the field. The sale of Bryans cuts out £1m of losses this year and the proceeds of the deal have been applied toward the increasing capital requirements. Short-term borrowings are climbing as Phicom recovers so capital gearing has crept up to about 40 per cent. Provided trading does not worsen and the associate can pull out of loss, this ratio should not be too worrying. The associate is one of Britain's largest producers of video cassettes and once the holiday season is over, sales of these should again start to swell. Even so, a solid recovery for Phicom still seems some way off. The historic yield is only 2 per cent, which is clearly more a function of the sector in which Phicom operates than the company's own record.

Consortium bid for Nu-Swift

BY RAY MAUGHAN

A two-man team of former Rentokil executives is heading a consortium bidding to acquire control of Nu-Swift Industries, the leader in the UK fire extinguisher equipment market.

The bid, worth £7.4m, is being led by Mr Brian McGillivray, a soft-spoken Scot with a management consultancy background before stints at the National Freight Corporation and latterly as chief executive of the dry rot and rodent control group.

With the backing of about a dozen investment trusts, a new company, Mosspray, will offer shares on a one-for-one basis, underwritten at 37p per share in cash.

Mr McGillivray alreadys owns just under 10 per cent of Nu-Swift Associates, including the merchant bank, J. Henry Schroder Wagg, bring Mosspray's starting stake up to 14.75 per cent. Nu-Swift was still determining its response last night, although it may be in a better position to weigh up these proposals when Mosspray despatches its formal offer documents at the end of this week.

The deal has been presented to the City institutions, none of which as yet owns any shares in Nu-Swift, as a straightforward attempt by professional management to build up capital by injecting what it sees as well-honed service industry expertise to a manufacturing and servicing group, blessed with a commanding position in the market place and burdened with a flat, if not declining, profit record.

Since his departure from Rentokil, which apparently followed some heated exchanges of views with the board, Mr McGillivray has approached Nu-Swift and says that he was first offered a non-executive post and, subsequently, a marketing position in a subsidiary company.

In the meantime, Nu-Swift has announced a sharp pre-tax profit fall in 1981 from just over £1m to £566,000, or from £1m to £370,000 excluding unclaimed credit balances. This follows a static performance between 1976 and 1980 when turnover rose from £7.7m to £13.4m.

Mosspray intends to appoint Mr John Chapman, an executive director of Rentokil's main operating subsidiary until last year, to the Nu-Swift board.

Non-executives lined up for boardroom appointments include Mr Fane Vernon, of Ash & Lacy and now running British Dredging and Mr John Briggs of Norcros and, latterly, non-executive chairman of Sangers.

The incoming team, if supported by a majority of shareholders, expects to restore margins to their earlier levels of between 12 and 15 per cent against the recent norm of some 3-4 per cent without injecting much further capital.

Mr McGillivray also expects to raise productivity on the servicing side which he estimates is about half that achieved by Rentokil, allowing for the differences in product and operations, during his stewardship.

The investing institutions have been warned that, unless Mosspray wins at least 90 per cent control and can invoke Section 209 of the 1948 Companies Act to assume full ownership, the Nu-Swift quote may not be restored for some considerable time.

The shares have been a volatile market since Mr McGillivray's stake was first announced and closed 4p ahead at 39p.

More bids and deals—Page 16

CHARTER TST.

On August 12, 1982, the final conversion date at Charter Trust and Agency for the 4½ per cent conversion loan stock 1990-95, £31,875 of loan stock was lodged for conversion into 51,000 ordinary stock units.

The remaining £20,690 will be repaid at par plus accrued interest (amounting to £3.08219 per cent gross for the period January 7 to September 13).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Davies and Metcalfe, Dreamland Electrical Appliances, English and Scottish Investors, Royal Dutch Petroleum, Securicor, Security Services, "Shell" Transport and Trading, TR Pacific Basin Investment Trust

Finals: K. O. Boardman International, F Copson, English Association, Ewart New Northern, Reliance Knitwear, Scottish English and European Textiles, Victor Products (Wallsend), Wholesale Fittings.

FUTURE DATES

Interims—	
Bankers' Investment Trust	Sept 21
Crouch (Derek)	Sept 7
Lec Refrigeration	Aug 27
Prudential Corporation	Sept 9
Queens Moat Houses	Aug 25
Scottish Northern Inv. Trust	Aug 27
Slough Estates	Aug 25
Wimpey (George)	Sept 30
Finals—	
Calcutta Electric Supply	Aug 19
Cantors	Sept 7
Consolidated Gold Fields	Sept 14
Consolidated Plantations	Aug 27
Press Tools	Aug 20
Waring and Gillow	Aug 27
Whitworth Electric	Sept 2

Sunlight pursues Johnson

Sunlight Service Group has decided to continue its pursuit of Johnson Group Cleaners, one of the largest retail dry cleaners in Britain, and will therefore sit through the investigation announced last week by the Monopolies and Mergers Commission.

Under the terms of its £35m cash, equity and loan stock reverse takeover approach, Sunlight's bid lapsed as soon as the Office of Fair Trading referred the proposals to the Secretary of State for Trade, Lord Cockfield, and the Minister called for an investigation.

However, Sunlight has followed he course chosen by several other bidders this year in submiting to a detailed examination by he Commission's inspectors in the belief that the merger will not operate against the public interest.

It may be expected to argue that the merger of laundry, dry cleaning, linen hire and garment rental operations would be complementary and, in particular, that its policy of operating local laundry outlets will not result in wholesale closure of such works. In the meantime, it will retain its 5.32 per cent holding of Johnson's total voting capital.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
First Scottish Am Trust int.	1.4	Oct. 1	1.3	—	4.85
Fledgeling Invs. .. int.	1	—	—	—	2.18
Fleming Japanese	4.7	Nov. 22	4.7	6.95	6.95
Fleming Japanese ..int.	2.25	April 6	2.25	—	6.95
Gold Fields of S. Africa	§320	Oct. 6	320	500	500
Meat Trade Supplies	5	—	4.38	6.75	7.88
Metal Bulletin ......int.	2.2	Oct. 8	2	—	5.5
Phicom ......int.	0.25	Nov. 30	0.15	—	0.3
Restmor Group	5	Oct. 8	4.5	5.5	5
Taylor Woodrow ...int.¶	5.5	Oct. 1	3.15	—	16.31

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § South African cents throughout. ¶ Increased to reduce disparity.

هكذا من الأصل

Companies and Markets **MINING NEWS** **UK COMPANY NEWS**

GFSA maintains dividend on reduced earnings

BY GEORGE MILLING-STANLEY

PROFITS OF Gold Fields of South Africa in the year to June 30 have fallen by about one-fifth, a creditable performance in view of the steep fall in the gold price from the 1980-81 level.

Attributable profits came out at R131.8m (£66m), down from the record R166.6m for the previous year.

This gave rise to earnings of 807 cents a share, against 1,021 cents last time, and the dividend total is maintained at 560 cents with an unchanged final of 320 cents.

This is in line with the forecast last September from Mr Robin Plumbridge, GFSA's chairman, to the effect that the dividend would be maintained this year unless there was a further big deterioration in the gold price.

This forecast was made at a time when the bullion price was around $430 per ounce level, and repeated in February this year with gold at around $360. Yesterday's price was about $338.

The reduced earnings mean, of course, that the dividend cover falls, from last year's twice covered to 1.6 times this year.

Profits at the net level were not helped by the higher tax charge, a consequence of the recent South African budget changes, but the effects of this were more than offset by higher interest income on the funds GFSA has invested, and an increase in the fees the group receives in return for technical assistance to the individual mines under its control.

This latter amount was boosted by the big rise in capital spending within the group, which almost doubled to R14.7m. Mr Plumbridge forecast last year that exploration spending would rise to some 10 per cent of pre-tax profit, and in fact it is well in excess of that amount.

	Year ended June 30 1982 Rm	1981 Rm
Investment income	131.3	169.6
Surplus on realisn. of investments	0.4	3.1
Fees, interest, etc.	49.2	38.2
Making	180.9	210.9
Admin., tech., genl.	24.5	22.1
Interest	3.1	2.8
Drilling and prospect.	14.7	7.5
Written off	1.1	0.4
Profit before tax	137.5	172.1
Tax	5.2	4.6
Profit after tax	132.3	167.5
Minorities	0.5	0.9
Attributable	131.8	166.6
Unapprop. profit b/fd.	19.0	9.9

The maintained dividend will be welcome news for London's Consolidated Gold Fields, which raised its holding in GFSA to 48 per cent almost exactly a year ago. The results of the London group are due next month.

GFSA shows its net asset value per share at 9,005 cents (£450), down from 10,635 cents last time. This compares with yesterday's closing share price in London of £34¼.

Sumitomo to develop rich gold deposit

DEVELOPMENT WORK at Sumitomo Metal Mining's recently-discovered Hishikari gold mine in south-western Japan is expected to start next February, with the first gold being produced in mid-1984.

Although small, the deposit is extremely rich, with an average gold content of about 80 grams per tonne. There are some 1.5m tonnes of ore, giving a total gold reserve of about 120 tonnes, the company said.

Sumitomo expects to add to these reserves as development work progresses. All 18 of a recent series of test drillings are reported to have encountered gold, and samples from 14 of these tests contained ore grading between 12.9 grams per tonne, well above the average for other mines in the country, and an extraordinary 656 grams per tonne.

Gopeng tin output rises

OUTPUT OF tin concentrates from the Malaysian producers in the Gopeng group moved ahead in July to 197¾ tonnes, from 178¼ tonnes in June.

The largest producer in the group, Gopeng Consolidated, produced 151¾ tonnes, against 136¼ tonnes in the previous month.

Production over the first 10 months of the group's financial year is running well ahead of that for the same stage of the previous year at 1,826¼ tonnes, against 1,648¼ tonnes.

Nevertheless, it must be borne in mind that production statistics are not at present a reliable guide to the individual companies' fortunes, in view of the export quotas imposed by the International Tin Agreement.

Shipments from Malaysia in the three months July-September are expected to fall by around 36 per cent this year, but it is not yet clear how the individual mines will be affected by the quotas.

	July tonnes	June tonnes	May tonnes
Gopeng	151¾	136¼	147½
Mambang	34½	31¾	30
Tanjong	11½	10½	6¼

International round-up

The poor performance of the silver price over the first half of the current year gave Sunshine Mining of the U.S. a net loss of $5.62m (£3.3m), against a profit last time of $1.5m.

The company recently announced the suspension of production at its Sunshine mine in Kellogg, Idaho, the biggest silver mine in the U.S.

The Barlow Rand group's Transvaal Consolidated Land and Exploration has suspended all operations at Marico Fluorspar, a wholly-owned subsidiary which mines fluorspar in the western Transvaal in South Africa. The property has been put on a care and maintenance basis.

TCL said that the market for fluospar, which is used in the steel, aluminium and chemical industries, has been very weak for many months, and there are no signs of a significant upturn.

* * *

A second quarter loss of C$10,000 cut first-half profits of Canada Tungsten Mining to C$2.63m (£1.2m), or 53 cents a share. The results are not comparable with previous periods because of a prolonged strike during the first six months of 1981.

The company, in which Amax of the U.S. has a stake of 65 per cent and Canada's Dome Mines 20 per cent, plans to cut production by a further 15 per cent from November. This follows earlier cuts of a similar amount.

Output from the mine, the biggest producer of tungsten in the western world, may have to be cut still further if demand does not improve over the next few months.

* * *

One miner was killed and two others are missing after a rockburst at the Anglo American Corporation group's Western Deep Levels gold mine, 50 kilometrs west of Johannesburg. The rockburst took place about 3,000 metres below surface at the No. 3 shaft area.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$325	14	14	3	33	2	40	$338
GOLD C	$350	25	0.70	8	18	—	—	"
GOLD C	$375	—	—	56	10	—	—	"
GOLD C	$400	—	—	60	4	—	—	"
GOLD P	$300	—	—	20	5	12	9	"
GOLD P	$325	26	0.30	17	11.60	—	—	"
GOLD P	$350	57	13	20	25	—	—	"
GOLD P	$400	—	—	8	65	—	—	"
12¾ NL 81 87-91								
C	F.110	250	2.20 B	—	—	—	—	F112.40
C	F.112.50	64	0.20	—	—	10	2	"
C	F.115	—	—	—	—	100	1	"
P	F.110	—	—	—	—	10	1.50	"
P	F.112.50	16	0.50	6	1.90	—	—	"
12 NL 81 85-88								
C	F.105	200	0.80	—	—	—	—	F.105.10
10¾ NL 80 86-95								
C	F.92.50	2	9.10	—	—	—	—	F.102
C	F.95	5	6.60	—	—	—	—	"
C	F.97.50	—	—	5	4.50	—	—	"
C	F.100	42	2	—	—	—	—	"
C	F.102.50	30	0.10	—	—	—	—	"
11¼ NL 82 88-92								
C	F.100	100	3.20	—	—	—	—	F.103.50
C	F.102.50	1054	1	4	2.20 B	—	—	"
P	F.102.50	—	—	25	1.20	—	—	"
P	F.105	50	1.90	—	—	—	—	"
10 NL 82 86-89								
C	F.95	10	4.30	—	—	—	—	F.99.10
P	F.100	35	1.30	—	—	—	—	"
10½ NL 82 86-89								
C	F.100	—	—	100	1.30	—	—	F.100.80
		Oct.		Jan.		April		
ABN C	F.260	50	6	—	—	—	—	F.254
ABN C	F.280	10	1.80A	—	—	—	—	"
ABN P	F.260	46	9	20	10.50 B	4	11.50B	"
ABN P	F.280	6	27.50	—	—	—	—	"
AKZO C	F.22.50	50	3.20	—	—	—	—	F.25
AKZO C	F.25	62	1.10	70	1.90	—	—	"
AKZO C	F.27.50	10	0.30	6	0.80	3	1.20	"
AKZO C	F.30	3	0.20	—	—	—	—	"
AKZO P	F.25	33	0.80	179	1.50	—	—	"
AMRO C	F.45	23	0.20	—	—	—	—	F.38.80
AMRO P	F.40	41	3.40	21	3.50	3	4.20	"
AMRO P	F.45	138	7.60	8	8.20	—	—	"
AMRO P	F.50	17	13.10 A	—	—	—	—	"
AMRO P	F.55	7	18.10 A	—	—	—	—	"
HEIN C	F.60	7	5.50	—	—	—	—	F.64.60
HEIN C	F.65	—	—	3	3.90	—	—	"
HEIN P	F.55	2	0.50	—	—	—	—	"
HOOG C	F.15	5	0.80	—	—	—	—	F.14.50
KLM C	F.80	7	6.70	—	—	—	—	F.88.50
KLM C	F.90	17	1.80 B	—	—	—	—	"
KLM C	F.100	6	0.60	—	—	—	—	"
KLM P	F.80	—	—	9	3.50	—	—	"
KLM P	F.100	2	18	—	—	—	—	"
NEDL C	F.130	5	0.40	—	—	—	—	F.107.20
NEDL P	F.110	10	4.90	—	—	—	—	"
NATN C	F.120	—	—	4	1.30	—	—	F.116.50
PHIL C	F22.50	24	1.70	1	2.20 A	1	2.70	F.23.50
PHIL C	F.25	35	0.50	86	1 A	25	1.30	"
PHIL P	F.22.50	—	—	36	0.90	9	1	"
RD C	F.80	61	5.40	53	6.50	—	—	F.84
RD C	F.90	159	1.10	77	2.10	16	3	"
RD C	F.100	20	0.30	100	0.70 B	—	—	"
RD P	F.80	38	2	—	—	—	—	"
UNIL C	F.150	18	3.70	16	5	—	—	F.147.50
UNIL C	F.160	30	0.60	17	1.20	—	—	"
UNIL P	F.140	92	1.20	—	—	2	2.70	"
UNIL P	F.150	25	5.40	—	—	—	—	"
		Aug.		Nov.		Feb.		
BASF C	DM.120	—	—	—	—	25	3.50	DM111.30
SIEM C	DM.220	10	0.40	20	7	—	—	DM213
VW C	DM.150	—	—	5	150	25	4	DM135

TOTAL VOLUME IN CONTRACTS 4,408

A=Asked B=Bid C=Call P=Put

Racal 'will consider a scrip issue'

AT THE next board meeting of Racal Electronics the directors will consider a scrip issue, Sir Ernest Harrison, chairman, told shareholders in response to questions at the AGM.

One shareholder called for a bonus issue to improve the marketability of Racal shares, and shareholders were told that the possibility of such a move has been considered from time to time. Sir Ernest promised the directors would look again at it, at their next meeting.

"It is really a question of arithmetic," he said after the AGM. "But shareholders seem to like it and feel it makes it easier for them to deal in the shares.

"We may well do it within the next 12 months; maybe this time next year."

He said he had no further news of trading but repeated his earlier forecast for another record year for the group.

EVA INDUSTRIES

Terms have been agreed whereby Anglo-Indonesian Corp. will make a 68.5p cash offer for each Eva Industries' 4.2 per cent (formerly 6 per cent) preference share.

Bermuda Bond Fund seeks full listing

Bermuda International Bond Fund, a Bermuda-based investment company, is seeking a full Stock Exchange listing for its shares.

The fund, which is managed by a subsidiary of the Bank of Bermuda, operates a portfolio of bonds and other securities with the aim of providing investors with the "maximum return consistent with a low level of investment risk."

The London listing, which is being handled by stockbrokers Hoare Govett, will make the marketing of the fund in the UK and overseas easier. Offshore funds are restricted from advertising in the UK unless their shares are publicly quoted.

The Bermuda fund was launched in April 1980. The U.S.$10 capital shares, in which income is accumulated, have appreciated since then to $13.75 as of July 30 and the income shares to $10.69, with an indicated yield of 12 per cent.

The Fund's portfolio is usually restricted to securities issuer or guaranteed by companies credited with an AAA or AA rating by Moody's or Standard and Poor's rating agencies. As of June this year, some 42 per cent of its $53m total assets are invested in U.S. dollar-denominated securities, 39 per cent in Canadian dollar securities, 6.2 per cent in Dutch guilder securities and 12.18 per cent in money market instruments.

The fund concentrates investment in securities from which interest is received without deduction of any taxes. The fund is exempt from Bermuda taxes, but UK investors will be subject to UK taxes.

Dealings are due to begin on August 24, when copies of the prospectus will be available.

Meat Trade Supplies slides to £297,000

Second half taxable profits of Meat Trade Supplies fell from £238,000 to £165,000 bringing the total for the 52 weeks to April 3 1982 down from £459,000 to £297,000. Turnover for the year advanced from £7.72m to £8.26m.

With earnings per 25p share stated down from 17.51p to 7.41p but the final dividend is lifted from 4.375p to 5p but the total is lower at 6.75p (7.875p).

The pre-tax profits included investment income of £201,000 (£269,000) while tax took £103,000 (£182,000) leaving net profits of £194,000 (£459,000 after deferred tax release of £18[illegible]

BASE LENDING RATES

A.B.N. Bank	11½%	Grindlays Bank	11½%
Allied Irish Bank	11½%	■ Guinness Mahon	11%
Amro Bank	11½%	■ Hambros Bank	11½%
Henry Ansbacher	11½%	Hargrave Secs. Ltd.	11%
Arbuthnot Latham	11½%	Heritable & Gen. Trust	11½%
Associates Cap. Corp.	12%	■ Hill Samuel	11½%
Banco de Bilbao	11½%	C. Hoare & Co.	11½%
BCCI	11½%	Hongkong & Shanghai	11%
Bank Hapoalim BM	11½%	Kingsnorth Trust Ltd.	13%
Bank of Ireland	11½%	Knowsley & Co. Ltd.	12%
Bank Leumi (UK) plc	11½%	Lloyds Bank	11%
Bank of Cyprus	11½%	Mallinhall Limited	11½%
Bank Street Sec. Ltd.	12½%	Edward Manson & Co.	13%
Bank of N.S.W.	11½%	Midland Bank	11%
Banque Belge Ltd.	11½%	■ Samuel Montagu	11%
Banque du Rhone	11½%	■ Morgan Grenfell	11%
Barclays Bank	11%	National Westminster	11%
Beneficial Trust Ltd.	12½%	Norwich General Trust	11½%
Bremar Holdings Ltd.	12½%	P. S. Refson & Co.	11½%
Brit. Bank of Mid. East	11½%	Roxburghe Guarantee	12%
■ Brown Shipley	11½%	Slavenburg's Bank	11%
Canada Perm't Trust	12%	Standard Chartered	11½%
Castle Court Trust Ltd.	11½%	Trade Dev. Bank	11%
Cavendish G'ty T'st Ltd.	13%	Trustee Savings Bank	11½%
Cayzer Ltd.	11½%	TCB	11½%
Cedar Holdings	12%	United Bank of Kuwait	11%
■ Charterhouse Japhet	11½%	Volkskas Intl. Ltd.	11%
Choulartons	12%	Whiteaway Laidlaw	12%
Citibank Savings	11½%	Williams & Glyn's	11%
Clydesdale Bank	11½%	Wintrust Secs. Ltd.	11½%
C. E. Coates	12½%	Yorkshire Bank	11%
Comm. Bk. of N. East	11½%		
Consolidated Credits	11½%		
Co-operative Bank	11½%		
Corinthian Secs	11%		
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
Eagil Trust	11%		
E.T. Trust	11½%		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	14%		
Robert Fraser	12½%		

■ Members of the Accepting Houses Committee.

* 7-day deposits 8½%, 1 month [illegible]. Short term £8,000 12 month [illegible].

¶ Mortgage base rate.

BIDS & DEALS

Bid approach to Howard Tenens

ONE OF the stock market's *better known asset plays* and longer running bid favourites, Howard Tenens *Services*, finally rewarded its many followers yesterday by announcing that a bid approach *had been received* and was being considered.

After a strong share price run, culminating in a sharp rise over the previous 24 hours, the shares were suspended *mid-morning* yesterday at 64p to show a gain of 5p on the day.

The identity of the prospective bidder has not been disclosed *but much of the market's interest* in the steel stockholding group has been stimulated by the stake taken by Mr Ian Wasserman.

That holding, prompted in turn *by Howard Tenens' extensive* freehold property interests, was acquired earlier this year by G. M. Firth (Holdings) where Mr Wasserman has recently taken over as chairman. Firth's holding then amounted to 12.2 *per cent.*

Tenens's recent bid talks with Crest International, strongly opposed by Firth, recently broke up on commercial grounds. Recent speculation has been fuelled by rumours that Mr *Ronald Shuck had been planning* to expand his Epsley-Tyas property concern in Tenens' direction, particularly since Mr Shuck has realised his personal holding in the office equipment distributor, London and Liverpool Trust.

Tetley purchase boosts Allied-Lyons' hold in U.S.

BY CHARLES BATCHELOR

TETLEY, the U.S. tea and coffee *subsidiary of the* **Allied-Lyons** food and drinks group, has acquired **Schonbrunn and Company**, a coffee producer, from *American Maize Products for about $10m cash.*

This purchase will double Tetley's ground coffee production *capacity from 30m lbs annually* to 60m lbs. Schonbrunn, based in Palisades Park, New Jersey has turnover of about $80m (£47m) and employs 210 people.

"*This will give us a secure* base in the North-east quadrant of the U.S.," said Mr Leonard Badham, managing director of the J. Lyons food division and *director responsible for the U.S.*

The Schonbrunn acquisition *will allow Tetley to reduce production costs* and will make it the second largest producer and seller of coffee *in the north*-eastern U.S. after General Foods, he added.

Schonbrunn sells premium coffees under the Savarin and Brown Gold brand names and espresso coffees under the Medaglio d'Oro and El Pico brands.

It distributes both through supermarkets and to the "*institutional trade*" — caterers and hospitals.

Tetley markets the Martinson premium brand and the Bustelo espresso variety.

American Maize is a *listed* company processing corn to produce fructose and other *sweeteners* as well as making cigars and candy. Schonbrunn *is its only coffee subsidiary.*

Schonbrunn is the second U.S. coffee company *to be bought by* Allied-Lyons this year. It earlier paid £21m for Tenco, the instant coffee and iced tea products division of the Coca-Cola Company. Tenco, an important supplier to Tetley, had $150m turnover and employed 700 people.

In Allied's annual report for the year ended March 6, the chairman, Sir Derrick Holden-Brown, said the group's U.S. businesses had performed "outstandingly well, maintaining an impressive improvement in the rate of profit growth."

Allied's three U.S. companies —*Tetley*, *Baskin-Robbins* Ice Cream Company and DCA Food industries, which makes cereal mixers and food processing systems—had combined turnover of £192m last year. The Tenco acquisition took effect *after the financial year-end.*

LONDON TRADED OPTIONS

August 17 Total Contracts 2117 Calls 1,703 Puts 416

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	260	22	6	30	5	36	—	264p
BP (c)	280	9	20	18	2	26	—	"
BP (c)	300	5	22	9	15	—	—	"
BP (p)	260	11	4	16	14	22	—	"
BP (p)	280	27	51	30	—	39	2	"
CU (c)	130	10	10	14	—	18	—	134p
CU (c)	140	4	59	9	—	13	—	"
CU (p)	140	12	37	14	5	16	—	"
Cons. Gld (c)	360	64	—	78	2	—	—	411p
Cons. Gld (c)	390	37	8	47	—	52	—	"
Cons. Gld (c)	420	13	8	26	2	32	2	"
Cons. Gld (p)	360	7	5	14	—	—	—	"
Cons. Gld (p)	390	17	5	30	—	37	—	"
Cons. Gld (p)	420	37	—	45	2	65	—	"
Ctlds. (c)	70	10	10	13	—	15	—	77p
Ctlds. (c)	80	4½	25	7	—	10	5	"
Ctlds. (c)	90	2	100	4	50	5	—	"
Ctlds. (p)	70	4	—	5	15	6	—	"
Ctlds. (p)	80	8	42	9	5	11	3	"
GEC (c)	1000	90	72	120	1	145	—	£10¼
GEC (c)	1100	30	13	60	16	82	—	"
GEC (p)	1000	18	—	25	—	33	2	"
GEC (p)	1100	70	—	70	—	85	2	"
Gr'd Met. (c)	214	46	3	51	—	—	—	256p
Gr'd Met. (c)	220	39	30	46	10	—	—	"
Gr'd Met. (c)	240	25	32	30	—	32	4	"
Gr'd Met. (p)	260	9	258	17	20	20	—	"
Gr'd Met. (p)	240	5	3	11	—	14	—	"
ICI (c)	260	28	10	34	—	38	5	274p
ICI (c)	280	11	25	22	1	30	—	"
ICI (c)	300	5	25	12	18	18	—	"
ICI (p)	280	14	16	20	2	26	—	"
Land Sec. (c)	280	21	7	27	—	37	—	282p
Land Sec. (c)	300	7	53	17	—	27	—	"
Mks & Sp. (c)	160	12	12	19	40	21	—	164p
Mks & Sp. (c)	180	3	—	9	11	12	30	"
Mks & Sp. (p)	160	5½	—	7½	1	9	—	"
Mks & Sp. (p)	180	20	—	21	8	23	5	"
Shell (c)	360	36	7	46	1	52	—	388p
Shell (c)	390	16	42	30	—	38	1	"
Shell (c)	420	4	20	16	22	24	—	"
Shell (p)	390	20	4	24	—	28	1	"
		November		February		May		
Barclays (c)	360	25	19	32	2	37	1	368p
Barclays (c)	390	10	—	15	4	30	—	"
Barclays (c)	350	9	8	12	—	—	—	"
Barclays (c)	360	17	1	20	—	25	—	"
Barclays (c)	390	35	1	42	—	50	—	"
Imperial (c)	90	8	8	10	4	12	—	96p
Imperial (c)	100	4	235	6	—	7	3	"
Imperial (p)	90	4	10	4½	—	6½	—	"
Imperial (p)	110	19	10	19½	—	—	—	"
Lasmo (c)	300	50	1	62	—	75	—	334p
Lasmo (c)	330	28	27	45	—	55	—	"
Lasmo (c)	360	12	6	28	—	—	—	"
Lasmo (c)	300	15	1	16	—	30	—	"
Lasmo (c)	350	25	20	32	—	45	—	"
Lonrho (c)	70	21	—	24	22	—	—	89p
Lonrho (c)	80	13	8	15	2	18	—	"
Lonrho (c)	90	6	82	8½	8	10	12	"
Lonrho (p)	80	2½	7	4	—	5	10	"
P & O (c)	140	17	9	20	—	24	—	150p
P & O (c)	160	6	6	8	—	12	—	"
P & O (p)	140	4	1	8	—	12	—	"
Racal (c)	460	50	7	68	—	80	—	495p
Racal (c)	500	24	81	37	—	55	—	"
Racal (p)	460	12	52	19	1	25	—	"
Racal (p)	500	30	10	33	—	45	—	"
RTZ (c)	390	43	12	52	2	62	—	417p
RTZ (c)	430	28	5	40	—	50	—	"
RTZ (c)	460	8	3	20	—	—	—	"
RTZ (p)	420	30	4	40	—	50	—	"
Vaal Rfs. (c)	50	5¾	5	7½	—	8	—	$52
Vaal Rfs. (c)	55	2	11	4½	2	6	1	"
Vaal Rfs. (p)	45	2	25	4	—	—	—	"

C=Call P=Put

Newman-Tonks purchase in U.S.

Newman-Tonks Group has acquired **Monarch Hardware and Manufacturing Co** of Kentucky, U.S., a maker of hardware products for the architectural hardware trade which are compatible to those of Newman-Tonks. The *consideration is $1m (£0.59m)* cash, plus a further minimum *payment of $1.6m (£0.94m) cash* phased over at least a three-year period.

Monarch has distribution access to the network required by Newman-Tonks for its own products in the U.S. The com*pany will spearhead the entry* of Newman-Tonks into this market and the management will make recommendations for further U.S. acquisitions.

Pre-tax *profits of* Monarch for 1981 were $251,000 and a figure *in excess of $500,000 is forecast* for the current year. Net tangible *assets disclosed by the* unaudited accounts for 1981 were *in excess of $700,000.*

MAURICE JAMES

The directors of Maurice James Industries have stated *that discussions first announced* on July 12, are continuing, but *there is no other* definite information which can be provided *to shareholders* at the present. They remain confident, however, that the negotiations will prove successful.

INGALL INDS.

Ingall Industries has disposed of an engineering subsidiary Ingall Engineers, for a nominal sum. The benefits will be two-fold: First, the elimination of its attributable losses, which for the *year ended* June 1982 were approximately £50,000, and second, the elimination from the group's borrowings of this subsidiary's bank *overdraft* of £110,000. As at June 30 the net book value of Ingall Engineers was £14,895.

Under its new ownership it is to be hoped that Ingall Engineers will revert to full-time working in the near future.

WATERFORD GLASS

Waterford Glass Group and Aynsley China are to be consolidated in a new joint marketing operation for the UK.

Mr J. Michael Gillow, the *chairman and managing director* of Aynsley China, has been appointed managing director of a new company, Waterford-Aynsley UK, which will take over the marketing and distribution of products.

Cavendish Life chief gives a guarantee

The Gibraltar-based life company, **Cavendish Life Assurance,** has announced a further step in *its plans to strengthen the com*pany's financial structure and to provide *additional* financial protection to bondholders.

This move consists of Mr Warren Adams, the company chairman and founder of Adams *Petroleum Inc of Tulsa,* Oklahoma, giving a deficiency guarantee *of £1.5m as a personal* liability.

Mr Adams, who acquired Cavendish last month, also points out in reply to recent *Press reports on the financial* structure of the company that all benefits due to date on existing bonds have been met in full by Parkford Petroleum Inc—in *which company bondholders'* funds are invested.

Mr Hugh MacKay, *managing* director of Cavendish Life Assurance Services (UK), the UK servicing company for Cavendish Life, confirmed that *the company was negotiating* with the Gibraltar authorities to ensure that proper accounts and regular actuarial valuations of the company would be maintained.

J. Bibby and Sons—Tiger Oats and National Milling Company of South Africa has purchased 34,090 ordinary shares. In order *to restore its holding to 30 per* cent of issued ordinary share *capital T. T. Tait, a director sold* 200,000 of the Bibby shares which he acquired as part consideration in the acquisition of Sterilin on August 12. Mr Tait continues *to hold a further 400,000 shares.*

Peter Black Holdings—P. E. Shields, joint trustee and having no beneficial *interest*, is interested in 2,720,000 ordinary shares. He also has a beneficial interest in 2,000 ordinary shares.

Haslemere Estates—D. M. Pickford, a director, has sold 30,000 ordinary *shares.*

SHARE STAKES

Dualvest—The Merchant Navy Officers Pension Fund has purchased 35,000 capital shares increasing its holding to 415,000 (20.7 per cent).

Pleasurama—Prudential Corporation holds 5.86 per cent of the issued share capital.

Allied International Designers Group—Iron Trade Employers Insurance Association has reduced its holding to 600,000 *ordinary shares* (5.92 per cent). J. I. Fowler, a director, has acquired a *further* 26,040 ordinary shares.

Thugar Bardex—Mrs B. V. *Fraser has sold 25,000 ordinary* shares reducing holding to 1,019,920 (7.7 per cent).

London and Gartmore Investment Trust—Hampshire County *Council Superannuation* Fund has increased its holding to 880,000 shares (20.71 per cent).

Manor National—C. Shasha has increased his holding from 570,000 to 770,000 ordinary which, together with the 570,000 owned *by R. Shasha, would amount to* 7.71 per cent of the present issued ordinary capital.

Arlen Electrical—L. C. Redfern has disposed of 400,000 *ordinary (10.29 per cent). Mr* Redfern retains an interest in 600,000 ordinary (15.43 per cent).

Carlton Real Estates—Simon H. Johnson, a director, purchased 25,000 *ordinary shares* and subsequently sold 24,000 ordinary shares *leaving holding of 1,450* shares.

COMPANY NEWS

Steady progress at Argyle Trust

A RISE of £72,000 to £402,000 in pre-tax profits is reported by Argyle Trust for the six months to June 30 1982. Turnover increased from £1.54m to £2.13m.

The directors say that, although not reflected in the results, considerable progress has been made towards the goal of building a strong diversified financial services group. They anticipate that they will be in a position to recommend to shareholders that a modest dividend will be paid in respect of 1982.

First half tax was considerably higher at £149,000 compared with £37,000. There was a minority credit of £7,000 (£3,000), but an extraordinary debit of £11,000 this time. The amount transferred to non-distributable reserves was £7,000 (nil). Earnings per share were 1.26p.

During the half, properties professionally valued in August, 1981 at £150,000 were realised by Winston Estates, the company's property investment subsidiary, for £163,000 and subsequently properties valued at £240,000 have been sold for £295,000. The board says it will continue to look for opportunities to improve the quality of the portfolio.

The volume of business handled by Dewey Warren and Co., the Lloyds insurance broker, has continued to show satisfactory growth. The difficult conditions in the U.S. surplus lines insurance market have persisted, and, as a result, Major Surplus Inc. has made a small loss for the period.

The board has not seen any upturn in this market and is therefore reviewing this investment.

Argyle has reached agreement, in principle, with Eagle Star Group to repay the £2.3m 11.9 per cent debenture stock 2004 at £1.54m, and to borrow £2.5m for 25 years at 13.5 per cent with the option to repay this loan under certain circumstances after two years at par. The new money raised will be used to repay Winston's short-term bank borrowings.

First-half pre-tax profits on a CCA basis were £316,000.

British Rayophane deficit

A DIVE into pre-tax losses of £515,000 has been made by British Rayophane for the first six months to June 30 1982, compared with profits of £626,000. Sales held steady at £28.38m against £28.92m.

Results for the first half, say the directors, reflect the severe reduction in profit margins for polypropylene film and continuing heavy losses in cellulose film, which have become insupportable.

The directors point out that no account has been taken of the closure of the British Sidac cellulose film factory at St Helens. The comparative figures include British Sidac. They also say that no account has been taken in the figures of any group relief payment which may be made on account of 1982.

In the last full year pre-tax profits stood at £784,000 (losses £773,000).

All the equity of the company, which makes cellulose and oriented polypropylene, is held by UCB (Investments).

Pre-tax losses were struck after lower depreciation of £696,000, compared with £800,000 and higer interest charges of £757,000 against £652,000. The losses also include associate profits of £48,000 (£49,000).

There was again no charge for tax. There was an extraordinary credit this time of £12,000.

On a current cost basis losses increased to £854,000 (£288,000).

At British Sidac which is also a subsidiary of UCB there was a reverse from profits of £159,000 to losses of £853,000, on sales up from £21.99m to £22.91m.

Depreciation took £540,000 (£739,000) and interest charges were little changed at £427,000 (£421,000), whole associated companies' profits were down slightly from £49,000 to £48,000. There was again no tax charge.

Meyer first quarter ahead

FIRST-QUARTER profits were ahead of those for the last year, Mr Ronald Groves, chairman of Meyer International, told membes at the annual meeting, because of somewhat better trading results. July had continued in the same trend, he said.

The company was formed last month as the result of a merger between Montague L. Meyer, timber importer, and International Timber.

For the first quarter Mr Groves said that International Timber's sales were about 4 per cent higher than for the same period of the previous year. There was also an increase of about 1 per cent in margins and costs generally had been contained.

While last year at this stage profits on sales of property were about £500,000 there had been no contribution from that source this year.

Better figures were also reported by Montague Meyer at their recent annual meeting, said Mr Groves. "Together, these indications of improving performance are an encouraging start for the new combined group," he said.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

It does not constitute an invitation to any person to subscribe for or purchase any shares.

Bermuda International Bond Fund Limited

Incorporated with limited liability in and under the laws of Bermuda on 20th February 1980.

Bermuda International Bond Fund Limited is an open ended investment company which has been established as a means for investing in a managed portfolio of bonds and other debt securities with the objective of achieving the maximum overall return consistent with a low level of investment risk.

Application has been made to the Council of The Stock Exchange for admission to the Official List of 10,000,000 shares of $1 each, being the authorised share capital of the company. On 13th August 1982, 4,610,983 of these shares were in issue as Capital Shares and 2,614,463 as Income Shares.

Particulars of the company are set out on cards circulated by Extel Statistical Services Ltd. and copies may be obtained, during business hours, from:–

The Bank of Bermuda Limited, Representative Office, Minster House, 12 Arthur Street, London EC4R 9AB.

Hoare Govett Limited, Heron House, 319-325 High Holborn, London WC1V 7PB.

APPOINTMENTS

British Bakeries senior posts

Mr J. R. (Jim) Kinloch has been appointed deputy managing director of BRITISH BAKERIES (division of Ranks Hovis McDougall). He was personnel and industrial relations director. Mr Howard Mann has joined British Bakeries in the new position of sales and marketing director (designate). He was sales director of Shoppers Paradise.

★

BRAUN AG, Kronberg, West Germany, has appointed Mr Howard J. Atkins as group general manager, controlling operations in Canada, France, the UK and the U.S. Additionally he becomes chairman of Braun Electric (UK). He has been with Braun since he joined the UK company as sales director in January 1979 from Gillette—Braun's parent company. He is succeeded as managing director of Braun Electric (UK) by Mr Robert L. Wagar.

★

Mr Alan Harris has been appointed finance director of WORLEY ENGINEERING. Mr David A. G. Ireland becomes company secretary. Worley Engineering is a member of the William Press Group.

★

Mr Duncan Collins has been appointed to the board of Mazda Cars (UK) and associate companies, Automotive Distributors and Wartburg. He was a divisional manager of the group.

★

Mr John Edwards has been appointed financial director of the Fairey filtration division, a member of the FAIREY HOLDINGS GROUP, and will be joining the boards of Fairey Arlon Ltd., Fairey Arlon BV and Fairey Arlon Inc. In addition to his divisional responsibilities he has been appointed financial director of Fairey Arlon Ltd. and will remain financial director of Fairey Microfiltrex. He was group financial controller of Fairey Holdings.

★

The Duke of Grafton, Sir Hugh Wilson and Mr Mark Girouard have been re-appointed members of the ROYAL FINE ART COMMISSION.

★

Mr Peter J. Noble has been appointed sales manager for the Worcester Presses division of JONES AND ATTWOOD, Stourbridge. He was with Erfurt Machinery, Sheffield.

★

PRIVATE PATIENTS PLAN has appointed Mr David Cavers as market planning manager with responsibility for development of business through brokers, consultants or agents.

★

Mr C. D. May has been appointed an underwriting manager REPUBLIC INSURANCE COMPANY (UK).

★

BRITANNIC ASSURANCE has appointed Mr R. H. Haddleton as assistant secretary from September 11.

Mr Peter Loud has been appointed manager of the new Milton Keynes Information Technology Centre (ITEC). He was senior research engineer in the Institute of Consumer Ergonomics at Loughborough University. The centres are being set up by the Government to help unemployed young people to gain work experience and training in new technology.

★

Mr Pearson Dodd has been appointed managing director of MERRILL LYNCH RELOCATION.

★

Mr Albert Henry ("Bob") Rivers has been appointed sales and marketing director of the dressings division of ROBINSON AND SONS, Chesterfield. He succeeds Mr John McPhie, who has retired.

★

Mr J. L. Hutton has been appointed a director of DEVITT (GROUP SERVICES).

★

NEC TELECOMMUNICATIONS EUROPE COMPANY has appointed two senior managers. Mr Gary Mason — assistant general manager, computers division—will have general management responsibilities for the division and Mr Alan Strawbridge is appointed software manager.

★

Mr Julian J. Wilkins has been appointed chief architect of HUNTING GATE DEVELOPMENTS, a member of the Hunting Gate Group.

INTERNATIONAL

Worldwide head for Touche Ross

● Mr Russell E. Palmer, managing director and chief executive officer of TOUCHE ROSS INTERNATIONAL (TRI) has been re-elected as worldwide head of the international accounting and consulting firm for a three-year term beginning September 1. Mr Palmer, whose ten-year term as managing partner and CEO of Touche Ross and Co., U.S., officially comes to an end later this year in accordance with the firm's partnership policy, previously has held both the U.S. and worldwide positions. At the same time, TRI's board of governors re-elected as its chairman, Mr Douglas R. P. Baker, who is managing partner of Touche Ross and Co., UK. He has served as chairman of TRI's board since 1979.

● Mr Andrew J. Melton, Jr. chairman and chief executive officer of Dean Whitter Reynolds Organization, Inc. and the Dean Witter Financial Services Group of Sears, Roebuck and Co, is to devote his principal efforts to his responsibilities as chairman of the Sears Financial Services Planning Committee. Mr Melton is also a director of Sears, Roebuck and Co. Mr Robert M. Gardiner, president of Dean Witter Reynolds Organization, Inc. and chairman of Dean Witter Reynolds, Inc., has succeeded Mr Melton as chairman and chief executive officer of Dean Witter Reynolds Organization, Inc. Mr Melton will continue as the president and as a director of each of the InterCapital group of mutual funds.

● Mr Max T. Sandow has been appointed deputy chairman of BESTOBELL AUSTRALIA, subsidiary of Bestobell. He joined the board of Bestobell Australia as a non-executive director in December 1981, after retiring from the Australia and New Zealand Bank.

● Mr Michael B. Targoff has been appointed general counsel and secretary of LORAL CORPORATION. Mr Targoff became a vice-president in February.

Mr Stephen C. Hoffman has been appointed controller of Loral Metals Technology, a subsidiary of Loral Corporation. Mr Hoffman has been senior internal auditor.

● Mr Patrick J. Keenan has become a director of SYDNEY DEVELOPMENT CORPORATION. Mr Keenan is chairman and chief executive of Keewhit Investments, Toronto. He was formerly president and chief executive of Patino NV and, since 1964, served as a director and senior officer in the Patino Group in Canada and England.

● Major-Gen (reserves) Yeshayahu Gavish, hitherto deputy managing director of KOOR, Israel's industrial conglomerate controlled by the Labour Federation, has been appointed managing director, replacing Mr Naftali Blumenthal, who becomes chairman.

● M. Peter Menikoff has been elected vice-president, corporate finance, of TENNECO INC. He will be in charge of a newly-created corporate finance department. He became manager—domestic financing for Shell Oil in 1981, after two years as manager — international financing.

NOTICE OF REDEMPTION

To the Holders of

CITY OF COPENHAGEN

8% Sinking Fund External Loan Bonds due 1984

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has drawn by lot for redemption on September 15, 1982 at 100% of the principal amount thereof through operation of the Sinking Fund, $830,000 *principal amount of said 8% Sinking Fund External Loan Bonds due September* 15, 1984 as follows:

OUTSTANDING BONDS OF $1,000 BEARING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

03 09 28 41 46 50 51 53 55 59 62 63 66 70 73 82 85 91 92 94 95

ALSO OUTSTANDING BONDS BEARING THE FOLLOWING NUMBERS:

10445 11345

On September 15, 1982, the Bonds designated above will become due and payable at the principal amount thereof in such coin or currency of the United States of America as is legal tender for the payment therein of public and private debts, and will be paid upon surrender thereof at the corporate trust office of **Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015**, or at the option of the bearer but subject to any laws and regulations applicable thereto in the country of any of the following offices, at the offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt, London or Paris, or at the main offices of Bank Mees & Hope NV in Amsterdam, of Credito Romagnolo S.p.A. in Milan, of Credit Industriel d'Alsace et de Lorraine in Luxembourg, of Kuwait Investment Company (S.A.K.) in Kuwait, of United Bank of Kuwait in London, and of Privatbanken A/S, Den Danske Landmandsbank, Kjøbenhavns-Handelsbank and E. Henriques jr. in Copenhagen.

Bonds surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due September 15, 1982 should be detached and collected in the usual manner.

From and after September 15, 1982 interest shall cease to accrue on the Bonds herein designated for redemption.

CITY OF COPENHAGEN

August 12, 1982

NOTICE

The following Bonds previously called for redemption have not as yet been presented for payment:

M 61	778	1921	2978	4014	4546	5330	5847	6861	7206	7561	7930	10238	11069	11473	11569
240	806	2218	3247	4035	4547	5335	5849	6869	7214	7558	7935	10424	11105	11514	11818
324	930	2278	3249	4047	4549	5368	5906	6897	7247	7597	7361	10446	11114	11521	
361	1021	2361	3521	4424	4561	5369	5361	6906	7261	7737	7972	10447	11373	11524	
472	1114	2368	3649	4521	4569	5472	5972	7178	7268	7738	8018	10747	11421	11540	
478	1372	2369	3668	4530	5198	5797	6472	7197	7269	7624	8021	10961	11453	11561	
678	1535	2461	3675	4535	5206	5798	6606	7198	7272	7846	10261	11068	11472	11565	

CONTRACTS & TENDERS

NATIONAL COPPER CORPORATION CHILE

Codelco - Chile, Chuquicamata Division

"Nortegrande" Electric Company Limited

Edelnor Ltd., an Endesa's subsidiary —Chile

NATIONAL AND INTERNATIONAL TENDER FOR THE SUPPLY OF ELECTRIC ENERGY

Codelco-Chile, Chuquicamata Division and Edelnor Ltd., both belonging to the State of Chile, jointly invite to submit bids for the supply of electric energy during 15 years, commencing in 1987, for the Chuquicamata Copper Mine and the areas covered by Edelnor Ltd. in the I and II regions of Chile.

It is estimated that the energy consumption will reach to 1,500,000 MWH per year by 1987, with a maximum demand of 240 MV.

Tender documents and information

The Tender Documents will be at the disposal of interested persons from August 16th, 1982 on at 512 Huerfanos Street, 5th Floor, Santiago, Chile, at the price of 60,000 Chilean pesos (tax included). Monday to Friday from 09.00 to 12.00 and 14.00 to 17.00 hours.

Reception of Tenders

The Tenders will be received at 1189 Huerfanos Street, 7th Floor, Santiago, Chile, Monday to Friday, from 09.00 to 12.00 and 14.00 to 17.00 hours. The deadline for the reception of Tenders is March 15th, 1983 at 10.00 am.

RESIDENTIAL PROPERTY

RESIDENTIAL BUILDING SITES FOR SALE

UP TO 100 PER CENT FINANCE AVAILABLE

FOR SUITABLE COMPANIES ON A PROFIT PARTICIPATION BASIS

We have sites in Lancashire, Cheshire, Yorkshire, North & South Wales. The opportunity could be of interest to small to medium size builders and developers who would like to expand with the backing of a Public Company.

Write giving brief details of company structure etc. to:

THE MANAGING DIRECTOR
PENNINE COMMERCIAL HOLDINGS P L C
11 PALL MALL
MANCHESTER
M2 1DW

Your holiday home in Switzerland

200 metres from the shore of Lake Geneva, at the edge of a private lake of 40,000 sq. m. — for swimming, wind-surfing or dinghy sailing. 30 min. from ski resorts. Duplex villa of 4½ rooms (living room with open fire, kitchen, bathroom and 3 bedrooms).

SFr 325,000

For all details: GM. C. Truan
AGENCE ROMANDE IMMOBILIERE SA
Gal. Benjamin-Constant 1, CH 1002, Lausanne

SWITZERLAND

FOREIGNERS can buy apartments freehold on LAKE GENEVA, in Montreux near Lausanne, or all year round resorts: St Cergue near Geneva, Villars, Verbier, Les Diablerets, Leysin, etc. FINANCING 50-70% AT LOW INTEREST RATES. Also quality properties in France: Apartments in EVIAN on the lake, approximately 35 minutes from Geneva, and luxurious villas VERY NEAR THE BORDER OF GENEVA, built to your specifications. Advise area preferred. Write to:
Developer, c/o GLOBE PLAN SA, Mon-Repos 24, 1005, Lausanne, Switzerland
Tel: (21) 22.35.12 - Telex: 25185 melis ch

COMPANY NOTICES

ENERGY SEARCH ONE N.V.

Notice of Annual General Meeting of Shareholders to be held September 8, 1982

Notice is hereby given that the Annual General Meeting of Shareholders of Energy Search One N.V. will be held at the office of the Company at de Ruyterkade 62, Curaçao, Netherlands Antilles, on September 8, 1982 at 10.00 o'clock in the forenoon, for the following purposes:

a. To report on the course of business during the fiscal year ended 31 December 1981;
b. To approve the consolidated balance sheet as at December 31, 1981 and the consolidated statement of income for the year ended December 31, 1981 of Energy Search One N.V. and its wholly owned subsidiaries E S One BVI Ltd., E S One Capital Corporation, and Energy Search Capital Corporation N.V.;
c. To approve the declaration of a shareholder dividend;
d. To elect the managing director;
e. To elect supervisory directors;
f. To ratify the appointment of Messrs. Coopers and Lybrand as certified public accountants to audit the books and accounts for the year ending December 31, 1981.

In order to exercise their rights at this meeting, holders of bearer shares must establish their ownership of such shares in a manner satisfactory to the chairman of the meeting. Such ownership may be established by depositing such shares (or a certificate of deposit of these shares satisfactory to the managing board) at the office of the Company against written receipt, not later than September 8, 1982 at 9.00 o'clock in the forenoon, and to produce this receipt at the meeting.

Shareholders of record at the close of business on July 26, 1982 are entitled to receive notice of and to vote at this meeting. Shareholders who do not expect to attend the meeting in person are requested to sign, date and return the form of proxy which may be obtained at the offices of Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg.

Curaçao, July 26, 1982

By order of the Board of supervisory directors
Managing Director
Curaçao Corporation Company N.V.

Notice to the Holders of Bonds of the issue 8¼% 1977/1989 of US$50,000,000 made by the EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities announces that the annual instalment of bonds amounting to US$3,000,000 has been purchased for redemption on October 1, 1982.

Amount outstanding on and after October 1, 1982: US$44,000,000.

Luxembourg, August 18, 1982

Notice to the Holders of Bonds of the issue 8¾% 1977/1997 of U.S.$100,000,000 made by the European Coal and Steel Community

The Commission of the European Communities announces that the annual instalment of bonds amounting to U.S.Doll. 3,500,000.- has been purchased for redemption on October 1, 1982.

Amount outstanding on and after October 1, 1982, U.S Doll. 83,500,000.-.

Luxembourg, August 18, 1982.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NIPPON SHINPAN CO., LTD.

We are pleased to confirm that copies of the Report of Operations for the 55th Fiscal Term (from April 1, 1981 to March 31, 1982), of Nippon Shinpan Co., Ltd., are now available to EDR holders upon application, at the offices of the Depositary Citibank, N.A., 336 Strand, London WC2R 1HB, and the Agent, Citibank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg.

CITIBANK, N.A. (CSSI Dept.)
London Depositary.

August 18, 1982.

BOND DRAWINGS

JUTLAND-FUNEN ELECTRICITY CONSORTIUM [illegible] EXTERNAL LOAN OF 1964

HAMBROS BANK LIMITED hereby give notice that [illegible]

The drawn Bonds may be presented to HAMBROS BANK LIMITED, 41 Bishopsgate, London EC2P 2AA, or to the other Paying Agents named on the bonds.

[illegible]

HAMBROS BANK LIMITED
13th August 1982

PUBLIC NOTICES

STRATHCLYDE REGIONAL COUNCIL

VARIABLE RATE REDEEMABLE STOCK 1983

For the six months from 19th August 1982 to 18th February 1983 the interest rate on the above stock will be 11.9688% per annum.

BANK OF SCOTLAND
55 Old Broad Street
London EC2P 2HL

EAST SUSSEX COUNTY COUNCIL
£5,000,000 Bills issued 18 August 1982 at a rate of 10[illegible]% to mature on 17 November 1982. Total applications were £39,000,000 and there were £9,000,000 Bills outstanding.

GLASGOW DISTRICT COUNCIL
Bills issued 18.8.82 £6m @ 10[illegible]% maturing 17.11.82. Applications £37m. Bills outstanding £21.5m.

NEWCASTLE UPON TYNE
£10,000,000 Bills issued 18 August 1982 at a rate of 10[illegible]% to mature on 17 November 1982. Total applications were £40,000,000 and there were £10,000,000 Bills outstanding.

COMMODITIES AND AGRICULTURE

Quotas for rubber to be decided

THE MUCH postponed meeting of the Association of Natural Rubber Producing Countries (ANRPC) is to be held in Kuala Lumpur next Monday and Tuesday.

The meeting, a follow-up of the emergency meeting of ANRPC members in May, is to work out export quota cuts for each country under a plan to hold back about 350,000 tonnes from the world market because of depressed prices.

● WOOL-SHEARERS in Australia have staged an indefinite strike over pay. About 25,000 shearers and associated farm hands have downed tools, union officials claimed.

But farmers' organisations said some farm hands and shearers were working normally.

● JAPANESE aluminium users, including rolling mills, have been negotiating with overseas suppliers to cut prices and volume of primary aluminium because of sluggish domestic demand and a flood of low-cost imports.

● CANADA Tungsten Mining will cut tungsten production by 15 per cent from November because of weak demand. It said 1982 production had been about 15 per cent below 1981 levels. The company will consider further cuts if demand fails to improve in the next few months.

Canada Tungsten produced 7m lb of tungsten in 1980.

● THE U.S. Agriculture Department has projected world production of wheat and coarse grains in 1982-83 at 1,228.9m tonnes, up from 1,209m forecast last month.

● SOUTH AFRICA'S 1982-83 sugar crop estimate has been cut by 12,500 tonnes to 2.20m tonnes, but this would still be a record crop.

● JUTE GOODS production in India fell to 80,113 tonnes in July against 83,777 tonnes in June, according to the statistics released by the Indian Jute Mills Association yesterday. The total was made up of hessian 21,208 tonnes, sacking 46,534 tonnes and others 12,371 tonnes.

Price of copper down in London

BY OUR COMMODITIES STAFF

COPPER PRICES turned sharply downwards on the London Metal Exchange (LME) yesterday and cash high grade metal closed £13.50 down at £816 a tonne, in spite of steadying in the afternoon.

The market opened lower, reflecting sterling's strength and depressing news about American car sales. These factors were reported to have prompted many traders to enter into short positions. But before the morning was out a dip in sterling against the dollar following a cut in Bank of England lending rates encouraged a modest rally.

The price rallied further in the afternoon on UK interest rate news and hopes of further cuts in U.S. bank lending rates.

Traders said continued uncertainty about China's intentions with regard to its recent substantial forward purchases of copper on the LME were an increasingly important feature of the market.

However, there is now widespread speculation about physical contracts being switched from the LME to other centres. It has also been suggested that deliveries against LME contracts might be from copper "on warrant" but not actually included in the stocks figure, which stood at 145,925 tonnes at the end of last week.

LME tin prices finished substantially higher with cash standard metal quoted £133.50 up on the day at £6,925 a tonne.

Dealers reported continued covering against recent physical business and also saw signs of new Eastern Bloc buying.

Further borrowing of cash metal against forward sales by the International Tin Council's buffer stock manager widened the cash premium to £45 a tonne at one stage. But this was overshadowed by forward dealer buying, reportedly against Soviet purchases, and the premium narrowed in a few pounds.

Pig-producers back plan to halt disease

BY RICHARD MOONEY

RESULTS OF a producer poll published yesterday showed overwhelming support for a self-financed slaughter scheme aimed at eradicating a disease which could have dire effects on the economics of pig production.

Aujeszky's disease, a herpes virus which kills piglets, has become increasingly common in Humberside and Yorkshire in recent years. Farmers fear it is about to "explode" in Britain as it has in other countries.

The poll, mounted by the East Riding Aujeszky's Disease Eradication group, asked 1,019 pig farmers if they would be prepared to finance a slaughter and compensation scheme in the Yorkshire / Humberside area until the disease was eradicated.

More than half failed to answer, but the 480 who replied own 95 per cent of the breeding sows in the poll area, and 90 per cent of these said "yes".

After announcing the result, Mr James Dewhirst, chairman of the group, called on Mr Peter Walker, the Agriculture Minister, to introduce a slaughter scheme without delay.

He said this would have to be funded by the Government until legislation could be passed for a producer levy.

"It will be cheaper for the industry to pay the Government back with interest than to be faced with the rapidly escalating costs of the disease," he said.

Australian drought hits cotton

By Michael Thompson-Noel

AUSTRALIA'S cotton growers are facing serious setbacks because the reservoirs which irrigate the Namoi and Gwydir valleys in north western New South Wales, where most of the crop is grown, are drying up.

Copeton Dam, near Inverell, which supplies water to the Gwydir Valley, is only 14 per cent full, while growers in the nearby Namoi Valley, which relies on the Keepit Dam, are even worse off.

Cotton farmers in NSW, like the state's wheat growers, are counting the cost of the current drought. Cotton has emerged as something of a glamour crop in the past 10 years, because of its potentially high returns, but planting this year could be halved.

The Namoi and Gwydir Valleys produce about half the country's A$150m (£88m) cotton crop.

Mr Neil Sowerby, manager of an Auscott-owned farm at Moree, in the Gwydir Valley, said heavy rains were needed in the next three months. Auscott is Australia's biggest cotton grower and processor.

Other prime cotton areas include the Macquarie Valley in central western NSW, Bourke, in the far west of the state, and south western Queensland. But these areas are not so badly hit by lack of rain.

Last season's Australian cotton crop was about 133,000 tonnes, a third up on the previous year. Plantings this year had been expected to rise by about 8 per cent before the drought worsened.

French ban on meat unclear

BRITISH GOVERNMENT officials were still trying to establish yesterday what British meat was to be barred from France under the import ban announced on Monday.

A French Government official said on Monday the import of all meats treated with hormones would be refused entry in future.

RUSSIAN GRAIN

Ill winds that blow no good

BY A CORRESPONDENT

THE Russian grain harvest is poor yet again. It might have been expected that the Soviet Union was due for a better harvest after three bad years.

This continued run of failures raises serious questions about whether these agricultural problems are because of a more permanent shift in the climate.

The immense size of the Soviet Union means any observations about climate must be made with great care.

Extremes which can spell disaster for one region may well be compensated by opposite conditions in other parts of the country. But, because of its high latitude, much of the country is close to the climatic margin for cereal production. So any fluctuation in the weather can lead to serious damage to crops.

The important regions in considering possible climatic changes are the traditional grain-producing regions of European Russia and the more recently developed virgin lands of the south west Asian republics.

Here, while cold winters like that of 1979 and unseasonably late spring or early-autumn frosts can do much damage, the single most damaging climatic extreme is summer heat and drought. This year these conditions have struck to the east of the Volga.

The frequent complaints about potentially poor harvests in cool, wet summers are not reflected in the statistics. They may, however, cause great problems in gathering in the harvest.

These difficulties can then combine with the chronic inefficiencies of the Russian agricultural system to ensure that the full benefits of the harvest are not extracted.

In the bad years, such as last summer, it is the impact of dry weather on European Russia that causes the greatest damage. The region is particularly prone to a peculiar combination of summer heat and very low humidity.

This produces dry winds ("sukhovey") which desiccates the crops so rapidly that they wither and dry before ripening.

This central role of adequate summer rainfall provides a useful guide to the question of whether recent harvest failures are part of a more widespread climatic shift.

These failures are not new to Russia. Eisenstein's film "The Old and the New" completed in 1929, had a memorable scene in which the peasants, led by the priests, form a great procession to pray for an end to the drought which afflicts their land.

The film contrasts this approach with the triumph of the technology of the modern Soviet state. The message is that technology will triumph where superstition had in the past failed.

In fact the weather records tell a different story. It appears that between the 1920s and the 1950s the rainfall in the Soviet grainlands was higher and more reliable than at any other time in the last 100 years.

Since around 1960 the figures have dropped significantly. This decline has led to speculation that the weather patterns may be returning to those prevailing in the 19th century when the rainfall was much lower, especially in the new lands that have been opened up in Central Asia.

The variations in the rainfall in the Soviet Union is closely related to changes in the strength of the atmospheric circulation in the northern hemisphere.

The strength and frequency of the westerly winds over northern Europe which carry moisture from the Atlantic deep into the Soviet Union are an important measure of this circulation.

The incidence of these winds reached a peak in the 1930s and have in the last decade or so fallen to values not equalled since the end of the 18th century.

The crop failures of 1972, 1975 and the last three years have been a direct consequence of this weather circulation.

What happens is that as the atmosphere slows down it can assume meandering patterns around the globe which get stuck for months on end. These prevent the more normal mixture of weather taking place and result in regions of equal and opposite extremes of the world.

The summer weather of 1972 provides a good example of how such patterns can set in.

In Western Europe the weather was exceptionally cold and sunless while much of European Russia had the hottest summer on record and a disastrous harvest.

By way of contrast, in 1976, while Western Europe had a blazing summer, Moscow had the coldest, wettest summer for a century, but a heavy harvest.

What is not understood is precisely what causes the establishment of these stable but anomalous weather patterns or why there should be any increase in their prevalence.

One explanation of the reason for prolonged abnormal weather is that it is a result of year-to-year changes in the surface temperature of the Pacific and Atlantic oceans. This is a plausible theory, but it gives only limited short-term guidance on future patterns and provides no explanation about why the weather may have become more variable.

Even less clear is the extent to which the events in the Soviet Union are part of a wider climatic trend.

The evidence for a global cooling or warming over the last two decades has been equivocal. Furthermore, even if a temperature trend was to become established it is impossible to make a confident prediction about the overall agricultural consequences.

U.S. land scheme aims to cut farm surpluses

BY NANCY DUNNE IN WASHINGTON

A MEASURE to pay farmers for land held out of production has been approved by a House-Senate Conference Committee.

However, the legislation falls short of the Bills passed last week in both Houses.

The Government, under the compromise legislation, would pay farmers to leave idle 5 per cent of their land they would use for growing wheat, feed grains and rice.

Wheat and rice producers would be required to keep a total of 20 per cent of their land out of production before they could receive payments for the 5 per cent withheld. Feed grains producers would have to set aside a total of 15 per cent.

Wheat farmers would receive diversion payments of $3 a bushel for keeping land out of production on 5 per cent of acreage. Corn producers would receive up to $1.50 per bushel, and rice producers would receive $3 per cwt.

The U.S. Department of Agriculture, to further assist the cash-squeezed farmer, would offer producers who enrol in the programme, half their diversion payouts at the time of enrolment, and would give the advances on their 1983 crop deficiency payments.

Those farmers who did not co-operate with the set-aside, would be ineligible for other department of agriculture assistance schemes.

Both the U.S. DA and farm State Congressmen are anxious to force compliance with the programme in order to reduce surpluses.

The conference legislation ordered no paid diversion programme for cotton, but it indicated the U.S. DA should do so if surpluses mounted.

LONDON OIL SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	30.60-30.90	−0.05
Iranian Light	29.50-29.90	−0.30
Arabian Heavy	28.60-28.70	−0.10
North Sea (Forties)	31.90-32.00	+0.10
African (Bonny L'ht)	33.25-33.30	+0.15
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	328-333	+0.5
Gas oil	281-282	+0.25
Heavy fuel oil	155-158	+0.25

GAS OIL FUTURES

After trading at the lows shortly after the opening the market steadied in response to a weakening dollar and some strength in the physical market, reports Premier Man.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
August	289.75	+0.75	289.75-88.50
Sept	282.50	+0.25	283.00-81.50
Oct	284.75	+0.75	285.00-82.50
Nov	286.75	+1.25	287.25-84.75
Dec	287.50	+1.25	287.75-86.50
Jan	288.50	−0.50	288.50-88.00
Feb	281.50	−0.75	[illegible]
March	280.75	−1.25	[illegible]
April	277.25	−5.75	—

Turnover: 1,061 (1,449) lots of 100 tonnes.

GOLD MARKETS

Gold fell $4 in the London bullion market yesterday, finishing at $338-339. It opened at $335¾-336¾, and was fixed at $335 in the morning, and $337.75 in the afternoon. Gold touched a peak of $339¼-339¾, and a low of $335¼-336¼.

In Paris the 12½ kilo gold bar was fixed at FFr 75,200 per kilo ($333.27 per ounce) in the afternoon, compared with FFr 75,200 ($334.01) in the morning, and FFr 74,600 ($333.33) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 27,500 per kilo ($340.02 per ounce) against DM 27,430 ($339.97) on Monday, and closed at $337¾-338¾, compared with $341¾-342¾.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $336.75 per ounce.

In Zurich gold finished at $338-339, against $340-343.

LONDON FUTURES

Month	Yest'rday's close	+ or −	Business Done
	£ per troy ounce		
August	[illegible]	[illegible]	[illegible]
Sept'mbr	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]

Turnover: 118 (132) lots of 100 troy ounces.

	Aug. 17		Aug 16	
Gold Bullion (fine ounce)				
Close	$338-339	(£198-198½)	$342-343	(£200¼-201¼)
Opening	$335¾-336¾	(£197½-198½)	$337¼-338¾	(£197¼-198¼)
Morning fixing	$335	(£196.567)	$337.65	(£198.149)
Afternoon fixing	$337.75	(£198.094)	$341.75	(£200.676)

Gold Coins Aug. 17					
Krugrnd	$348-348¾	(£204¼-204¾)	King Sov	$85¾-87	(£50-50¾)
½ Krug	$178-180	(£103-106¼)	Victoria Sov	$85¾-87	(£50-50¾)
¼ Krug	$91-92	(£53¼-54)	French 20s	$75¾-76¾	(£44¼-44¾)
1/10 Krug	$37-38	(£21¾-22¼)	50 pesos Mex.	$412-416	(£241¾-243¾)
Mapleleaf	$348-349	(£204¼-204¾)	100 Cor. Aust	$328-333	(£192¼-195¼)
New Sov	$80¾-81¾	(£47¼-47¾)	$20 Eagles	$385-390	(£225¾-228¾)

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. Copper initially fell away to around £820 on stop-loss selling but rallied to close at £823.5. Unofficial after-hours trading saw three months rise to £8,870, after £8,935 owing to covering against physical business and talk of eastern bloc purchases. Lead closed at £305 and Zinc at £419.5.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
Higher grade	£	£	£	£
Cash	813-4	−11.5	815-7	−13.5
3 months	821-2	−8.25	824-5	−11
Settlem't	814	−11	—	......
Cathodes				
Cash	785-6	−12	785-7	−12
3 months	801.5-2	−9.25	802-4	−12.5
Settlem't	786	−12	—	......
U.S. Prod.	—	......	*70-75	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £811.00, 11.50, 12.00, 13.00, three months £825.00, 24.00, 23.00, 21.00, 20.00, 19.00, 20.00, 21.00, 22.00, 21.00, 20.00. Cathodes: £785.00, three months £801.00. Kerb: Higher Grade, three months £821.00, 22.00, 23.00. Afternoon: Higher Grade, three months £825.00, 24.00, 25.00, 25.50, 26.00, 25.50, 25.00. Kerb: Higher Grade, three months £824.00, 23.50, 23.00, 24.00, 23.50. Turnover: 40,425 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	6920-30	+127	6920-30	+133
3 months	6855-65	+138	6880-5	+127
Settlem't	6930	+130	—	......
Standard				
Cash	6900-10	+107	6920-30	+133
3 months	6855-60	+110	6880-5	+138
Settlem't	6910	+110	—	......
Straits E.	$29.15	......	—	......
New York	—			

Tin—Morning: Standard, cash £6,900, 6,910, three months £6,770, 90, 6,820, 30, 55. High Grade, cash £6,910. Kerb: Standard, three months £6,860, 80, 85, 6,900, 05, 20, 30, 35, 30. Afternoon: Standard, three months £6,910, 6,890. Kerb: Standard, three months £6,850, 45, 40, 50, 60. Turnover: 2,695 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	293.5-4	−1.5	294.5-5	−.75
3 months	304-.5	−1.5	305-.5	−1.5
Settlem't	294	−1.5	......	......
U.S. Spot	—	......	*28-8	......

Lead—Morning: Cash £293.50, 94.00, three months £305.00, 04.00, 04.50. Kerb: Three months £304.50. Afternoon: Cash £295.00, three months £304.50, 05.00. Kerb: Three months £305.00. Turnover: 7,050 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	412-.5	+5	414-6	+1
3 months	419-.5	+1.5	421-.5	−.5
S'ment	412.5	+3	—	......
Primw'ts	—	......	37.40.5	......

Zinc—Morning: Cash £412.00, three months £419.00, 19.50, 20.00, 19.00. Kerb: Three months £418.00. Afternoon: Three months £420.50, 21.00, 21.00, 21.50, 21.00, 22.00, 21.50. Kerb: Three months £422.00, 21.00, 20.00, 21.00, 22.00, 21.00. Turnover: 8,000 tonnes.

Aluminm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	548.5-9.5	−1.25	548-9	−2.25
3 months	567.5-8	−.75	567-.5	−2.25

Aluminium—Morning: Three months £569.00, 68.00, 68.50, 68.00. Kerb: Three months £568.00. Afternoon: Three months £568.00, 67.00, 67.50, 68.00, 67.50, 67.00. Kerb: Three months £567.00, 66.50, 66.00, 65.50, 66.00, 66.50, 66.00, 67.00, 67.50. Turnover: 18,600 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	2870-5	−62.5	2885-95	−20
3 months	2770-5	−45	2780-5	−20

Nickel—Morning: Cash £2,870, three months £2,765, 60, 70. Afternoon: Three months £2,770, 80, 85. Kerb: Three months £2,780. Turnover: 294 tonnes.

SILVER

Silver was fixed 2.85p an ounce higher for spot delivery in the London bullion market yesterday at 372.7p. U.S. cent equivalents of the fixing levels were: spot 634.2c, up 6.2c; three-month 651.2c, up 5.7c; six-month 672c, up 5.7c; and 12-month 712c, up 5.7c. The metal opened at 375-378p (637-641c) and closed at 374-377p (636-643c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	372.70p	+2.85	376p	−5.5
3 months	382.50p	+2.55	384.75p	−4.75
6 months	392.10p	+2.65	......	......
12 months	410.80p	+2.90	......	......

LME—Turnover: 73 (58) lots of 10,000 ozs. Morning: Three months 384.0, 82.0, 82.5, 83.0, 82.5, 82.3, 82.0. Kerb: Three months 382.5, 82.0. Afternoon: Three months 385.0. Kerb: Three months 384.5.

COCOA

Futures remained steady in thin conditions on trade support and manufacturer price fixing, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Sept	895-98	+9.0	896-77
Dec	930-31	+11.0	932-18
March	961-62	+7.0	963-52
May	979-80	+9.0	981-71
July	997-98	+7.0	997-93
Sept	1014-20	+7.0	—
Dec	1030-40	+4.5	—

Sales: 1,809 (783) lots of 10 tonnes. ICCO—Daily price for Aug 17: 71.02 (70.43). Indicator price for Aug 18: 68.52 (67.80).

COFFEE

Uncertainty over the forthcoming ICO talks, tightness of nearby supplies and declining temperatures in Brazil fuelled a steady market, reports Drexel Burnham Lambert. Early gains were extended as trade and commission house penetrated recent resistance levels.

COFFEE	Yest'day's Close	+ or −	Business Done
Sept	1285-87	+43.5	1286-50
Nov	1146-49	+31.0	1150-24
January	1054-55	+20.0	1054-42
March	1000-01	+7.0	1005-994
May	972-73	+4.5	980-70
July	948-50	+5.0	955-45
Sept	915-35	+3.5	935

Sales: 4,187 (2,596) lots of 5 tonnes. ICO indicator prices for August 16: (U.S. cents per pound): Comp. daily 1979 116.43 (116.09); 15-day average 115.47 (115.35).

GRAINS

Wheat opened firm and continued to strengthen on shipper buying while barley remained quietly steady throughout the day. Wheat also saw good switch business and further buying, which was checked by hedge-selling and profit-taking, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or −	Yest'rdys' close	+ or −
Sept	110.70	+0.70	105.10	+0.15
Nov	114.20	+0.55	108.80	−0.15
Jan	117.90	+0.65	112.45	+0.10
Mar	121.20	+0.60	115.60	+0.15
May	124.35	+0.50	118.60	+0.10
July	127.40	+0.50	—	—

Business done—Wheat: Sept 110.65-110.15, Nov 114.20-113.80, Jan 117.90-117.35, March 121.20-120.75, May 124.35-124.00, July 127.40-127.15. Sales: 439 lots of 100 tonnes. Barley: Sept 105.10-104.95, Nov 108.80-108.70, Jan 112.40 only, March 115.80-115.55, May 118.65-118.60. Sales: 125 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 14 per cent: Sept 109.25, Oct 109.75, Nov 111.75, Dec 114.50 transhipment East Coast sellers. English Feed, fob: Sept 114, Jan/March 123.25 East Coast sellers. Maize: French; Aug 136, Sept 136.50 transhipment East Coast sellers. S. African White/Yellow Aug/Sept 85.00 seller. Barley: English Feed fob: Spot 103.75, South Coast. Sept 107.50 East Coast sellers. Rest unquoted.

HGCA — Locational ex-farm spot prices. Other milling wheat: S East 109.40. Feed barley: S East 97.50. S West 98.30, W Mids 97.60, N West 97.80. The UK Monetary Coefficient for the week beginning Monday August 23 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened slightly easier, attracted little interest throughout the day and closed inactive. Lewis and Peat recorded an August fob price for No. 1 RSS in Kuala Lumpur of 198.5 (200.0) cents a kg and SMR 20 171.0 (172.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Sept	50.50-50.90	50.20-50.70	—
Oct	51.40-51.60	51.00-51.50	51.50
Oct-Dec	52.20-52.40	51.90-52.00	52.50-52.10
Jan-Mar	54.30-54.40	53.90-54.10	54.50-54.20
Apl-Jne	57.50-57.60	57.20-57.25	57.50-57.30
Jly-Sept	59.80-59.90	59.50-59.60	59.80-59.70
Oct-Dec	62.40-62.50	62.20-62.30	62.50-62.30
Jan-Mch	64.80-64.90	64.60-64.70	65.00-64.80
Apl-Jne	67.30-67.40	67.00-67.10	67.40-67.10

Sales: 112 (155) lots of 15 tonnes: 3 (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 49.75p (49.50p); Sept 51.00p (50.75p); Oct 51.25p (51.00p).

SOYABEAN MEAL

The market opened about £1 down in dull trade, reports T. G. Roddick. Prices remained on defensive on lack of any fresh news.

	Yesterdays Close	+ or −	Business Done
	£ per tonne		
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]

Sales: 86 (151) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £100.00 (£102.00) a tonne cif Aug-Sept-Oct shipment. White sugar daily price £114.00 (£116.00).

Prices again drifted despite good buying interest scale-down, reports C. Czarnikow.

No. 4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
Oct	107.55-07.70	109.15-09.20	109.50-07.60
Jan	111.00-15.00	115.50-16.00	—
March	121.50-21.55	125.15-25.20	126.25-21.50
May	124.30-24.40	125.80-25.55	126.00-24.50
Aug	128.00-28.25	129.25-29.70	128.50
Oct	130.50-31.25	132.00-32.50	—
Jan	134.00-36.00	135.00-36.50	—

Sales: 2,168 (2,464) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.90 (same) a tonne for home trade and £205.00 (£207.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for August 16: Daily price 6.75 (6.97): 15-day average 7.06 (7.10).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 528.0, 527.5, 528.0-525.0; Dec 529.0, 531.5, untraded: March 534.0, 537.5, untraded: May 540.0, 542.0, 541.5-540.5: July 549.0, 550.0, 549.0-548.0: Oct 540.0, 542.5, 542.5: Dec 543.0, 545.0, untraded. Sales: 32.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg.: Aug 340, 355, 350; Oct 357, 367, 365-361: Dec 381, 384, 383-382: Jan 384, 388, 385: March 393, 397, 397-394: May 400, 404, 400-399: Aug 408, 414, 411-408: Oct 412, 416, 416-411: Dec 416, 420, 418-413: Jan 416, 424, nil. Sales: 159.

COTTON

LIVERPOOL—No spot or shipment sales were registered. Operators remained cautious, particularly in view of the steady decline in average values. Further demand was in evidence in certain specialist growths originating in the Middle East, but the volume of contracts placed was small.

POTATOES

LONDON POTATO FUTURES—The market was firmer in very thin trading, reports Colley and Harper. Closing prices: Nov 55.50, +0.40 (high 56.00 low 55.20); Feb 64.90, +0.90 (high 64.90, low 64.50): April 75.30, +0.90 (high 75.30, low 74.50); May 85.30, +1.20 (high 85.60, low 84.20): Nov 65.40, +0.40, untraded. Turnover: 195 (317) lots of 40 tonnes.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 17 1982	+ or −	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt	$855/865		$845/875
Copper			
Cash h grade	£816	−13.5	£843.5
3 mths	£824.5	−11	£859.25
Cash Cathode	£786	−12	£821.5
3 mths	£803	−12.5	£841.5
Gold troy oz	$338.5	−4	$350
Lead Cash	£294.75	−0.75	£317
3 mths	£305.25	−1.5	£329.25
Nickel	£4023		£4080
Free mkt	217.240c		[illegible]
Platin'm tr oz	£260		£260
Freemkt	£160.65	−1.4	£171.55
Quicksilver†	$335/372		$350/370
Silver troy oz	372.70p	+2.85	369.00p
3 mths	382.50p	+2.55	379.60p
Tin Cash	£6925	+133.5	£6455
3 mths	£6882.5	+138	£6575.5
Tungsten 22.04lb	$114.23		$111.16
Wolfrm 22.4lbs	$100/104		$107/112
Zinc Cash	£414.5	+1	£414.5
3 mths	£421.25	−0.5	£420.25
Producers	$800		$800
Oils			
Coconut (Phil)	$395x		$480
Groundnut	$585x		$560
Linseed Crude	£355		£355
Palm Malayan	$535v		$440
Seeds			
Copra Philip	$275	+10	$315
Soyabean (U.S.)	$237.75y	−3.5	$253.5
Grains			
Barley Fut. Nov	£108.80	+0.15	£108.15
Maize	£136		£137.50
Wheat Fut. Nov	£114.20	+0.55	£113.35
No. 2 Hard Wint	‡		‡
Other commodities			
Cocoa ship't*	£987	+7	£903
Future Dec	£930.5	+11	£857.5
Coffee Ft Nov	£1147.5	+31	£1115.5
Cotton A index	75.90c		76.05c
Gas Oil Sept	$282.5	+0.25	$275.75
Rubber (kilo)	49.75p		[illegible]
Sisal No. 3	[illegible]		[illegible]
Sugar (Raw)	£100xt	−2	£111
Woolt'ps 64s kl.	380p kilo		386p kilo

‡ Unquoted. x Aug-Sept. v July-Aug. y Sept. z Oct. † Per 76 lb flask. * Ghana cocoa. n Nominal.

INDICES

FINANCIAL TIMES

Aug. 16	Aug. 13	M'th ago	Y'ar ago
224.88	225.72	232.77	268.85

(Base: July 1 1952 = 100)

REUTERS

Aug. 17	Aug. 16	M'th ago	Y'ar ago
1528.8	1529.8	1564.9	1724.1

(Base: September 18 1931 = 100)

MOODY'S

Aug. 16	Aug. 13	M'th ago	Y'ar ago
994.5	992.4	1004.4	1066.5

(December 31 1931 = 100)

DOW JONES

Dow Jones	Aug 16	Aug. 13	Month ago	Year ago
Spot	120.26	120.61	124.59	—
Futr's	121.77	121.77	128.29	—

(Base: December 31 1974 = 100)

VEGETABLE OILS

SOYABEAN OIL—Prices opened lower in quiet conditions and remained in narrow ranges. Closing prices and business done (U.S. $ per tonne): Aug 415.00, 424.00, 423.50: Oct 422.00, 426.00, 424.00: Dec 429.00, 432.00, 430.00; Feb 436.00, 439.00, 437.00: April 438.00, 444.00, untraded: June 450.00, 460.00, untraded: Aug 450.00, 470.00, untraded. Sales: 62 (33) lots of 25 tonnes.

★

HIDES—Birmingham. Second clears. Ox: 31-35.5kg. 58.4p a kg withdrawn (57.6p): 26-30.5kg. 60.2p a kg (59.6p): 22-25.5kg. 68.0p a kg (67.6p). Light cows: 25.5kg. 68.0p a kg (65.8p).

AMERICAN MARKETS

NEW YORK, August 17.

COFFEE RALLIED on late-season danger of frost which prompted some short-covering. Sugar finished lower on further indications of improved crops in Europe and the USSR. Wheat and soyabeans rallied on the close on Indian trade rumours, while maize finished lower on disappointing demand. Precious metals advanced late in the day on response to lower interest rates and higher Continental currencies, reported Heinold.

[illegible]

Monday's closing prices

[illegible]

EUROPEAN MARKETS

ROTTERDAM, August 17.

Wheat—(U.S. $ per tonne): U.S. No. 2 Red Winter: Sept 139. U.S. No. 3 Amber Durum: Aug 163, Sept 163, Oct 167, Nov 172, Dec 176. U.S. No. 2 Northern Spring, 14 per cent: Aug 169.50, Sept 168, Oct 169, Nov 173, Dec 177. Canadian Western Red Spring: Sept 182, Oct 187, Nov 191.

Maize—(U.S. $ per tonne): U.S. No. 3 Yellow: Spot 118, Aug 110, Sept 106, Oct 104, Nov 104, Dec 107, Oct/Dec 104, Jan/March 115 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: Aug 224.50, Sept 221.75, Oct 217.20, Nov 217.90, Dec 223, Jan 229, Feb 232.30, March 235.60, April 238 sellers.

Soyameal—(U.S. $ per tonne), 44 per cent Afloat 191-191.50 traded: Afloat 191.50, Aug 194, Sept 194, Oct 195, Nov 197, Dec 199.50, Nov/March 204 sellers. Pellets Brazil: Afloat 198 traded: Afloat 196, Aug 201, Sept 202, Oct 210, Nov 218, Dec 220, Nov/March 226 sellers.

PARIS, August 17

Cocoa—(FFr per 100 kg): Sept 1045/1055, Dec 1097/1110, March 1147/1160, May 1180/1195, July 1213/1220, Sept 1240/1250, Dec 1275/1285. Sales at call, nil.

Sugar—(FFr per tonne): Oct 1365/1369, Nov 1375/1385, Dec 1415/1420, March 1533/1535, May 1588/1595, July 1610/1620, Aug 1635/1645, Oct 1685/1700. Sales at call 31.

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 78.0 to 83.5. Ulster hindquarters 92.3 to 95.3, forequarters 57.0 to 59.5. Veal: Dutch hinds and ends 119.5 to 125.0. Lamb: English small 58.0 to 63.0, medium 56.0 to 60.0, heavy 52.0 to 56.0: Scottish medium 52.0 to 55.0, heavy 49.0 to 53.0: imported New Zealand PL 59.0 to 59.7, PM 57.5 to 58.5, PX 57.0 to 57.8, YL's 58.5 to 58.8. Pork: English, under 100 lb 33.0 to 52.0, 100-120 lb 39.0 to 51.0, 120-160 lb 39.0 to 48.7.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle, 86.22p per kg lw (+0.98). GB—Sheep, 127.00p per kg est dcw (+7.31). GB—Pigs, 85.06p per kg lw (+4.06).

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.00-£7.00, codlings £4.20-£6.00; large haddock £5.00-£5.60, medium £3.30-£4.20, small £1.60-£3.40; large plaice £6.80, medium £4.80-£5.80, best small £3.50-£4.80; large skinned dogfish £11.00-£12.00, medium £8.50-£9.00; large lemon soles £7.50, medium £6.50; rockfish £2.20-£3.20; reds £2.40-£2.60; saithe £2.60-£2.80.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels/Lates 40 5.70, 48 6.30, 56 7.20, 72 7.20, 88 6.54, 112 6.05, 138 5.85, 150 5.25. Mandarines—Brazilian: 5.50-6.00. Minneolas—S. African: 42/48 5.00-6.00. Lemons—Spania: trays 5 kg 25/50 1.20-1.50; Outspan: 15½ kg 80/195 3.00-5.50. Grapefruit—S. African: 27 4.80, 32 5.95, 36 6.10, 40 5.90, 48 5.40, 56 5.50, 64 5.05, 72 4.32—Ruby same as White. Apples—Tasmanian: Granny Smith 4.00-10.0. Sturmer Pippins 6.0-8.00; Australian: Granny Smith 9.50-10.0, Democrats 5.00-7.00: New Zealand: Sturmers 7.00-8.50. Red Dougherty 5.0-7.00, Granny Smith 10.00-10.50: S. African: Granny Smith 6.00-11.00. York Imperials 3.80-4.50. U.S.: 18 kg Red Delicious 10.00-14.00: Spanish: Golden Delicious 3.00-6.00 French: 6.00-6.20, 18 kg. Pears—French: 28 lb loose Williams 3.30; Italian, trays packs, Dr Guyot, per pound, 0.12-0.15, Williams 0.14-0.18; Spanish, per pound Williams 0.15-0.18. Peaches—Italian: large trays 1.00-2.00, French: 1.40-2.20. Plums—Spanish: Santa Rosa 11 lb 1.50-3.80; Italian: Belles 20 lb 2.30-3.00: Stanley 20 lb 3.00-4.00. Gages—French: 9 kg 2.20; Spanish: 5 kg 1.50-2.00. Grapes—Cypriot: 11 lb Cardinal 2.80, Sultana 2.80-3.00, Thompson 4.20-4.40; Italian: Regina 2.60, Gold 4.00; Spanish: 6 kg Alphonse Lavallee 2.50. Cherries—U.S.: per pound 1.00-1.10. Litchees—Israeli: 8 oz 0.75. Apricots—Hungarian: 6 kg 2.00. Nectarines — Italian: 2.50-4.00. Melons—Spanish: Yellow 10 kg 3.00-3.50: French: Charentais 10/15 5.00-8.00: Dutch: Ogens 6.00-7.00. Water-melons—Spanish: 18 kg 4.00; Italian: 4.00-6.50. Pineapples—Ivory Coast: 20s 0.45; Kenyan: 6s 1.60-2.00. S. African: 5/8 3.50-6.00. Bananas—Colombian 40-lb boxes 9.00. Avocados—S. Africans: 4.60-5.50; U.S.: 6.60-7.00. Mangoes—Mexican: 6.50-7.00: Puerto Rican 7.00. Paw Paws—Brazilian: 6.00-7.00. Tomatoes—Dutch: 6 kg 'A' 1.20-1.40, 'C' 1.00-1.20. Artichokes—Brittany: 24s 7.20. Onions — Spanish: Grano 3.60-3.80. Capsicums—Dutch: 5 kg Green 3.00, Red 4.20, Yellow 4.80. Cabbages—Dutch: Red 4.00-4.50, White 4.50.

INTERNATIONAL COMPANIES and FINANCE

Widespread gains in fixed rate dollar Eurobonds

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

FIXED RATE dollar Eurobonds rose by more than one point in some cases yesterday afternoon after Dr Henry Kaufman, chief economist at Salomon Brothers, forecast that U.S. long term bond yields could fall to between 9 and 10 per cent within the next 12 months.

Demand was heavy from both professional traders and investors, reactivating a market that had started off on a very flat and quiet note.

But no new issues were announced as borrowers apparently decided to wait for further rate declines before proceeding to raise money. In the Eurodeposit market, six-month dollar deposits closed at 11⅞ per cent, marking a further ⅛ per cent fall since yesterday.

The bond market was still awaiting yesterday evening firm news of detailed new U.S. tax proposals designed to limit the ownership of bearer bonds by U.S. citizens. This could have a serious impact on the bond market in Europe, but there was a growing feeling that the legislation would be worded in such a way as to have minimal impact.

The revised interest rate forecast of Dr Kaufman came too late to have much effect on Continental markets. D-Mark prices were in any case restrained by the new DM 1.1bn calendar of new issues and some worries about the domestic economic situation. Prices fell by around ¼ point.

In Switzerland where prices were little changed, Credit Suisse has awarded a 7⅛ per cent coupon and 99⅞ per cent issue price to Swedish Export Credit's new SwFr 100m, nine-year bond.

$100m Brazilian credit

BY OUR EUROMARKETS STAFF

BRAZIL'S state mining company Cia Vale do Rio Doce (CVRD) is raising a $100m credit in the Euromarket to help finance the Carajas iron ore project, which should come on stream by 1985.

The loan is unusual for a Brazilian credit in that it bears an exceptionally long final maturity of 10 years. It is being marketed on a club basis as an eight-year deal and lead managers will effectively take over participations for the final two years of its life.

Led by Morgan Guaranty and Dresdner Bank, the credit bears a margin of 2¼ per cent over London interbank offered rate (Libor), although participants will receive only 2⅛ per cent, which is the standard margin on an eight-year public sector Brazilian deal.

A further unusual feature is that there is no option for subscriptions to be made at a margin over the U.S. prime rate. This, together with the long life of the credit, explains the above average margin of 2¼ per cent to lead managers.

The loan is being syndicated on a co-financing basis with the World Bank which is putting in $305m to the Carajas project.

Ambrosiano offshore bank for liquidation

By Nicki Kelly in Nassau

SHAREHOLDERS of Banco Ambrosiano Overseas (Nassau) at a meeting yesterday agreed to put the bank into voluntary liquidation. The decision followed recommendations made by a group of the bank's major creditors who met in Brussels last week.

Named as voluntary liquidators were: Mr Jack Smith, chairman of Roywest Trust Corporation (Bahamas), Mr Geoffrey Johnstone of the Bahamian law firm of Higgs and Johnson and accountant Mr Clifford Culmer of Mann Judd.

An application will be made to have the bank wound up under the supervision of the Bahamas Supreme Court.

The licence of Ambrosiano Overseas, a subsidiary of the troubled Banco Ambrosiano Group of Milan, was suspended by the Bahamas central bank last month after Banco Ambrosiano was unable to guarantee the borrowings of its offshore subsidiaries.

Itel ahead at halfway stage

By Our Financial Staff

ITEL, the San Francisco-based transportation leasing group which has operated under Chapter 11 of the Bankruptcy Act since January last year, reports a second quarter net profit of $3.6m from continuing operations, compared with $3.9m in the corresponding period of 1981.

This brings the half-year profit from continuing operations to $6.3m, compared with a loss of £1m previously.

Sue Cameron reports on a worldwide industry where the competitive position is shifting

Europe's chemical groups under siege

Further signs of the ebbing strength of Western Europe's chemical industry—particularly when compared with its U.S. competition—are shown in a new survey of the world's top 200 chemical and pharmaceutical companies.

The survey, carried out by Chemical Age which is now incorporated into the trade journal Manufacturing Chemist, indicates that the market share of the big West European chemical producers is being eroded. And it is European companies which feature most prominently among companies showing the largest pre-tax losses for 1981 and the lowest return on capital.

Mr Stuart Slade, author of the survey, said yesterday that the way in which the European Economic Community's chemical industry was declining was "frightening." He suggested that although the recession and chronic overcapacity were largely responsible for the Europeans' comparatively weak performance, there was also some evidence that they were "not as light on their feet" as their U.S. competitors when it came to tackling major problems.

The survey, which has been carried out annually since 1973, lists the world's 200 biggest chemical producers according to their 1981 sales. And in terms of sales at least, four of the first six places are held by European companies.

Top of the list if the U.S.-based Du Pont, which is followed by the three German giants, Hoechst, Bayer and BASF, with the UK-based Imperial Chemical Industries in fifth place and the U.S.-based Dow Chemical ranking sixth. *The same companies were in the top six positions in the previous year although they were ranked differently with Hoechst at their head.*

Mr Slade notes that for the first time the traditional "sharp gap in sales between the top five companies and those in the next slots" has disappeared. He believes this reflects three things:

- The recession;
- Currency fluctuations—particularly those with an adverse effect on European producers, who have long held four of the top five places; and
- The way in which U.S. companies have been "picking up business" at the expense of others—including the West European majors.

Mr Slade stresses that the market shares of the leading chemical producing countries have "changed drastically" over the last few years. Between 1980 and 1981 the U.S. increased its share of the sales of the world's biggest 200 companies by 4.4 percentage points. But the shares held both by Japan and by EEC countries fell. Perhaps more significantly, the gap separating the U.S. and the EEC market shares has jumped from 1.9 percentage points in 1979 to 16.2 percentage points in 1981.

"The EEC countries' market share has consistently dropped since 1979 and there is no way that this can just be blamed on unfavourable changes in exchange rates," Mr Slade says.

European companies — the *Italian-based Montedison, the* UK-based BP Chemicals and the French-based PCUK and Rhone-Poulenc—are the four groups with the biggest pre-tax losses in 1981.

Meanwhile, the chemical operations of the Royal Dutch/Shell group head the companies with the biggest falls in pre-tax profits, and BP Chemicals is shown as making the lowest return on capital employed.

The list of the top 40 net earners in 1981 is overwhelmingly dominated by U.S. groups. Only six European companies—the three West German majors, ICI and two of the three big Swiss-based pharmaceutical groups, Hoffmann-La Roche and Sandoz—appear near the head.

But it is Japanese companies which have traditionally dominated the highest sales-per-employee league and they did so in 1981. A total of 28 of the top 40 companies in this table were Japanese.

Perhaps surprisingly, Mr Slade found that Japanese companies with the greatest improvements in their pre-tax profits were often those with the sharpest drop in their sales per employee.

The survey found that almost half the top 200 companies had cut their labour forces in 1981 — and there was also an overall drop in capital spending.

British chemical companies—*with the exception of ICI—tend* not to figure favourably in the survey. But Courtaulds, the UK-based group, is singled out as the company which had the biggest rise in pre-tax profits—up $562m in 1981.

- The survey covers only the chemical interests of all companies.

WORLD MARKET SHARES ★

Companies based in	Sales $bn 1981	Share of market 1981 %	Share of market 1980 %
U.S.	218.3	48.7	44.3
Germany	63.7	14.2	14.7
Japan	54.3	12.1	14
UK	34.2	7.6	10.4
Netherlands	8.2	4.1	2.9
Italy	8.7	1.9	2.4
France	13.2	3	3.3
Switzerland	15	3.4	3.1
EEC	145.8	32.5	36.9

* Based on top 200 companies.

	R & D Spending $m
Hoechst (Germany	667.4
Du Pont (U.S.)	631
Bayer (Germany)	619.4
Ciba-Geigy (Switzerland)	588
BASF (Germany)	481.9
Roche (Switzerland)	441.5
ICI (UK)	434
Dow Chemical (U.S.)	404
Johnson (U.S.)	282.9

Source: Chemical Age

U.S. store groups lift profits

BY RICHARD LAMBERT IN NEW YORK

THREE large U.S. general merchandise retailers report increased second quarter profits.

At J. C. Penney, earnings rose 35.6 per cent, from $44m to $60m, or from 63 cents to $2 cents a share thanks to an improvement in gross margins and a $13m gain arising from the early retirement of long term loans. But sales stagnated in the period, revenue rising by just over 1 per cent from $2.63bn to $2.65m.

Mr Donald Seibert, Penney's chairman, said that margins had risen as a result of increased emphasis on apparel and home furnishings. This had lead to higher mark-ups and lower Lifo provisions, which had in turn offset significant increases in markdowns.

In addition, Penney has been making big efforts to hold down its expenses and tighten its control of inventories. Its selling, general and administrative expenses rose by just 2.4 per cent in the quarter.

Mr Seibert repeated an earlier forecast that sales would improve over the rest of the year. "Gains in consumer income resulting from inflation, a reduced tax burden, and a generally improving economic environment should strengthen consumer spending in the months ahead," he added.

For the first half of the year, the department store and catalogue chain's earnings rose from $94m to $112m, taking earnings per share from $1.34 to $1.55. Sales volume in the six months declined by 0.3 per cent, from $5.14bn to $5.10bn.

K mart, the Troy, Michigan-based group, has staged a recovery in the second quarter, lifting net earnings for the period by 7 per cent, from $36.6m or 45 cents a share to $60.7m or 48 cents a share. But the company has been unable to regain the ground lost in the first quarter when profits plunged as a result of weak consumer demand and increased expense ratios.

Half-year profits amount to $66.5m or 54 cents a share, still 27 per cent below 1981's corresponding $91.3m or 73 cents a share.

Sales for the six months totalled $7.75bn, some 5 per cent up on last year's comparative $7.38bn, with the second quarter registering a 3 per cent advance from $4.03bn to $4.15bn.

Dayton Hudson, the Minneapolis-based group whose retailing is conducted in some 925 stores throughout 47 states, boosted second quarter earnings by 45 per cent, from $18.1m to $26.3m or from 36 cents to 55 cents a share on revenues up 12.7 per cent, from $1.1bn to $1.24bn.

Sharp drop at Dresser

BY OUR FINANCIAL STAFF

THIRD QUARTER profits have tumbled sharply at Dresser Industries, one of the world's leading suppliers of technology, products and services to the energy and natural resources industries.

Net earnings of the Dallas-based group fell from last year's corresponding $83.8m or $1.07 a share to $15.9m or 20 cents a share.

This brings earnings for the first nine months of fiscal 1982 to $135.5m or $1.08 a share, compared with $221.9m or $2.83 a share a year earlier.

Revenues amounted to $3.21bn, against $3.33bn for the nine months with $982.6m against $1.17bn coming in the latest quarter.

The directors warn that fourth quarter earnings will also fall below last year's.

Sea Containers shows growth

BY OUR FINANCIAL STAFF

SEA CONTAINERS, the major container and ship leasing group, lifted net earnings 15 per cent, from a corresponding $10.3m to $11.9m in the second quarter of fiscal 1982, on revenues up from $50.5m to $53.8m.

This boosted half-year earnings to $24.7m against $17.7m for the same period of 1981, on revenues of $106.6m against $97.4m previously.

After allowing for preferred share dividends, net earnings per share amounted to $2.42 against $1.81 for the half-year and $1.16 against $1.10 for the second quarter.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which *will be published next on Tuesday September 14.*

Closing prices on August 17

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	103⅝	104⅛	+0¼	+1	13.51
Amax Int. Fin. 16¼ 92	75	101	101½	+0½	+0⅞	15.93
Amex O/S Fin. 14¼ 89	75	98⅞	98⅞	+0⅛	+1⅜	14.56
ATT 14⅞ 89	400	103⅝	104¼	+0⅛	+0⅞	13.26
Baker Int. Fin. 0.0 92	225	27⅛	27⅝	0	+1	14.57
BHP Finance 14⅝ 89	150	100⅜	100⅞	+2½	+3⅜	14.55
Bk. Amer NT SA 12 87	200	93½	94	+0⅛	+1⅜	13.86
Bk. Montreal 14½ 87	100	97⅜	97⅝	0	+2¼	15.26
Bque. Indo Suez 15 89	100	97¼	97¾	0	+1⅞	15.57
British Col. Hyd. 14¾ 89	200	100⅜	100¾	+0½	+1⅛	14.58
British Col. Hyd. 15¾ 92	150	102⅞	103¼	+0⅜	+1⅛	14.64
Canada 14⅛ 87	750	101⅝	102⅛	+0½	+2¼	13.74
Canadair 15½ 87	150	102⅝	103¼	+0⅛	+1⅜	14.48
Canadian Pac. 14⅝ 92	75	95¼	95¾	+0¼	+1⅝	15.30
Can. Pac. Sec. 15 89	75	96⅜	96⅞	+0¼	+0¼	15.83
Carolina Power 16½ 89	60	105⅞	106⅜	+0⅛	+1⅛	14.86
CIBC 16 87	100	99⅛	99⅝	+0¼	+1	16.11
Citicorp O/S 15 84/92	100	100⅝	101⅛	+0⅛	+1	14.13
Citicorp O/S 15½ 85/97	125	101⅝	102¼	+0⅛	+0⅞	14.38
CNA 15⅞ 97	75	102	102½	−0⅛	+1½	15.43
Con. Illinois 15¾ 89	100	95½	96	+0⅛	−0⅛	16.79
Duke Pwr. O/S 15½ 89	60	102⅛	102⅝	+0⅜	+1½	14.86
ECSC 14¾ 87 (April)	80	100½	101	+0⅛	+1⅛	14.44
EIB 15½ 89	150	102½	103	+0⅛	+1⅞	14.75
EIB 15½ 92	100	102⅜	102⅞	+0⅛	+2⅛	14.96
Eksportfinans 14½ 89	50	100⅛	100⅝	+0½	+1⅝	14.36
Gen. Elec. Credit 0.0 92	400	29⅛	29⅝	+0⅛	+1½	13.76
Gen. Elec. Credit 0.0 93	400	25⅞	26⅜	+0⅛	+1½	13.64
Getty Oil Int 14 89	125	101	101½	+0⅛	+1⅜	13.66
GMAC O/S 15¾ 85/97	100	100⅜	100⅞	+0⅛	+1½	14.83
GMAC O/S Fin. 15 89	125	101	101½	+0⅛	+1⅜	14.65
GMAC O/S Fin. 15 87	100	101⅛	101⅝	+0⅛	+1½	14.48
Gulf Canada Ltd 14¾ 92	100	99	99½	+0½	+1⅜	14.85
Gulf Oil 14¼ 94	175	100½	101	+0⅛	+1¼	14.08
Gulf Oil Fin 0.0 92	300	29½	29⅞	+0⅛	+2⅞	13.60
New Brunswick 15¾ 87	75	99½	100	+0½	+0⅜	15.31
New Brunswick 16¼ 89	75	104	104½	+0⅞	+1⅜	15.11
Nova Scotia Pr 15¾ 89	75	97⅛	97⅝	+0½	+1	15.89
Ontario Hydro 14¾ 89	150	101⅛	101⅝	+0⅛	+2	14.34
Pac. Gas & El. 15½ 89	45	102⅛	102⅝	+0⅛	+0⅜	14.86
Phillips Petrol 14 89	200	99¼	99¾	+0½	+1⅞	14.07
R.J. Rynlds. O/S 0.0 92	400	28⅝	29⅛	+0⅞	+1⅛	13.96
Saskatchewan 16 89	125	102⅞	103⅜	+0⅛	+1⅛	15.15
Shell Canada 14⅞ 92	125	98⅞	98⅞	+0⅛	+1¼	14.61
Spain 15¾ 87	100	102⅞	103⅛	+0⅛	+1¾	14.89
Superior O/S Fin 14 89	125	98¾	99¼	0	+1¼	14.20
Swed. Exp. Cr. 15¼ 89	100	100⅝	101¼	+0⅛	+1¼	14.94
Swed. Exp. Cr. 14¾ 90	100	97¼	97¾	+0½	+1½	15.28
Swed. Exp. Cr. 0.0 94	200	21½	22	+0⅛	+1½	14.10
Texas Eastern 15⅝ 89	60	101⅜	101⅞	+0⅛	+1	15.30
Union Carbide 14¾ 89	150	100⅝	101¼	+0¼	+0⅞	14.46
Wells Fargo Int. 15 87	75	101½	102	+0⅛	+2	14.38
World Bank 14¼ 87	500	99½	100	+0⅛	+1⅞	14.27
World Bank 15⅛ 88	250	102½	103	+0⅛	+1⅞	14.43
World Bank 15 87	250	101½	102	+0⅛	+0⅛	14.47
World Bank 15 88	150	101⅞	102⅛	+0¼	+0¼	14.50

Average price changes... On day +0⅛ on week +1½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 9¼ 92	150	97¼	97¾	−0⅛	−0¼	9.64
Australia 9½ 91	200	103⅞	104⅜	+0¼	+0½	8.63
Austria 8¾ 92	100	94⅝	95⅛	+0⅛	+0¼	9.18
Barclays O/S In. 8⅛ 94	100	95	95½	−0⅛	−0⅛	9.04
Bowater Int. Fin. 8½ 89	50	95½	95¾	−0⅛	−0⅞	9.44
Caisse Nat. Tele. 8½ 92	100	99⅜	99⅞	−0⅛	−0⅛	9.56
Canada 8½ 89	200	100⅞	101⅜	−0¼	−0½	8.24
Comp. Tel Esp. 10½ 92	100	100⅛	100⅝	−0⅛	−0¼	10.41
Cred. Foncier 8¾ 92	100	95½	96	−0¼	−0⅛	9.42
Denmark 10⅛ 92	100	101⅜	101⅞	−1	−1⅛	9.86
EDF 9⅞ 92	100	100⅝	101⅛	−0⅛	−0⅛	9.73
EIB 8⅜ 92	100	94⅞	95⅜	+0⅛	−0⅞	9.18
Int.-Am. Dev. Bk. 9 92	150	96⅞	97⅜	−0¼	−0⅛	9.43
Nacnl. Financiera 11 90	150	91½	92	−3	−5¼	12.73
Norsk Hydro 8½ 92	100	97	97½	−0⅞	−1	8.92
Philips Lamps 8½ 92	100	99¾	100¼	−0⅛	+0⅛	8.48
Philip Morris 8¾ 90	100	101⅛	101⅝	−0¼	−0¼	7.99
Quebec 10¼ 92	150	102¾	103	−0⅛	−0⅛	9.67
Renfe 10 92	100	99¼	99¾	−0½	−0⅛	10.07
SNCF 8¾ 92	100	94⅞	95⅛	−0⅛	−1¼	9.46
Tauernautobahn 7⅞ 94	50	101⅞	102⅛	−0⅞	−0⅛	9.58
Tenneco Int. 9 92	100	98	98½	−0⅛	0	9.27
World Bank 9½ 89	100	100¼	101	−0⅛	−0¼	9.35
World Bank 8½ 92	200	95⅜	95⅞	−0½	−0⅛	9.19

Average price changes... On day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6¾ 92	100	100⅞	101⅛	0	0	6.11
Asian Dev. Bank 7 92	100	100⅝	101	+0⅛	−0½	6.87
Aucalsa 7¾ 92	80	95¾	96	−2	−2½	8.38
Australia 6½ 94	100	106	106¼	+0½	+0½	5.76
BNP 6¾ 92	100	97⅞	98⅛	+0¼	−0¼	7.03
Cse. Nat. l'Energie 7 92	100	100	100¼	−1	−0⅛	6.97
CFE-Mexico 8¼ 92	50	85	85¼	+0½	−8	10.79
Co-op. Denmark 8¾ 92	25	104½	104¾	0	−0⅛	7.66
Crown Zellerbach 6¾ 92	100	98⅛	98⅜	−0⅛	−2	6.96
Europarat 7¼ 92	100	101⅜	101⅝	+0⅛	+0⅛	7.03
Ind. Fund Finland 6¾ 92	30	98⅜	98½	−0⅛	+0⅛	6.96
Japan Dev. Bank 6 94	100	100⅞	101⅛	0	+0⅛	5.88
Kobe City 6⅛ 92	100	101	101¼	0	+0½	5.97
Kommunlans 7¼ 92	35	100½	100¾	0	−0½	7.16
Lonrho Int. Fin. 7½ 92	80	95⅜	95½	−0¼	+0⅛	8.22
Mitsui-OSK 8½ 92	100	98½	98¾	0	−0¼	8.69
Nahnes 8¾ 92	80	86	86¼	0	−6¾	10.58
New Zealand 6 92	100	101½	101¾	−0⅛	+0⅛	5.78
Philip Morris 6¾ 92	100	103⅞	104⅛	+0⅛	−0¼	6.06
Philip Morris 6¾ 94	100	102⅞	103⅛	+0⅞	+0⅛	5.89
Renfe 7¾ 92	80	99½	99¾	0	0	7.80
Sekisui Pre. 5¾ 92 WW	70	101¾	102	−0¼	−1	5.49
Soc. Lux. de Cnt. 8⅛ 92	80	107	107¼	+8⅛	0	6.95
Svenska Handels. 6¾ 92	100	98½	98¾	−0⅛	+0⅛	7.00
Tiroler Wasser 8¼ 92	10	98⅜	98⅝	0	−0¼	6.46
Vorarlberg. Kraft. 6⅛ 92	50	102⅝	102⅞	+0⅛	0	6.35

Average price changes... On day +0¼ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8¼ 92	15	97	97½	+0½	0	8.65
Int.-Amer. Dev. 8⅞ 91	15	100⅞	101⅞	+0¼	+0½	8.84
Japan Airlines 7⅞ 87	9	95½	96¼	+0⅛	+0⅛	8.00
New Zealand 8¾ 87	15	99¼	101¼	+0⅛	−0¼	8.43
World Bank 8⅛ 92	20	98⅝	99⅜	+0⅛	+0⅛	8.52

Average price changes... On day +0⅛ on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	100	†98¾	99¾	+0¼	+0½	16.23
Can. Pac. S 16¾ 89 C$	50	†98½	99½	0	+0½	16.56
Can. Utilities 17 87 C$	35	†100½	101	+0¼	+0¼	16.76
Gaz Metro. 17¾ 90 C$	20	†98½	99	+0¼	+1	17.50
OKB 16¼ 88 C$	63	†98¾	99¼	+0¼	+0½	16.48
Q. Hyd 16½ 89 (M) C$	50	†99½	100	0	−0½	16.50
Quebec Prov. 16½ 89 C$	50	†99½	100	0	−0⅛	16.54
U. Bk. Nwy. 9½ 90 EUA	18	94⅞	95⅞	+1	+1	10.42
Amro Bank 10 87 Fl	150	98⅞	99⅛	−0¼	+0¼	10.22
Bk. Mees & H. 10 87 Fl	75	99	99½	−0¼	−0⅛	10.18
Eurofima 10½ 89 Fl	50	100¾	101¼	0	0	10.26
Ireland 10½ 87 Fl	75	99	99½	+0¼	+0⅛	10.69
Phil. Lamps 10¼ 87 Fl	100	100¾	101¼	+0⅛	0	9.94
World Bank 10 87 Fl	150	98¾	99¼	−0⅛	−0½	10.25
OKB 14 86 FFr	400	94	95	0	−0⅛	16.07
Solvay et C. 14¾ 86 FFr	200	94⅛	95½	−0⅛	−0¼	16.66
Beneficial 14¾ 90 £ (D)	20	91¼	92⅛	+0⅛	+1⅛	16.06
BFCE 14½ 87 £	30	103	104	+0¼	+2⅞	13.44
BNP 13½ 91 £	15	98	99	0	+1⅜	13.77
CECA 13½ 88 £	20	99⅝	100⅜	+0⅞	+1½	13.41
Fin. Ex. Cred. 13¾ 86 £	15	100¼	101¼	+0¼	+1⅞	13.40
Hiram Walker 14¾ 86 £	25	101⅛	102⅛	+0⅛	+1⅛	13.58
Norsk Hydro. 14½ 87 £	30	102⅞	103⅝	0	+1⅞	13.52
Privatbanken 14½ 88 £	12	99¾	100¼	+0¼	+1⅜	14.51
Quebec 15½ 87 £	35	103⅝	104⅞	+0¼	+1⅜	14.15
Quebec Prov. 14½ 89 £	30	98⅞	99⅞	+0½	+0½	14.68
Reed (Nd) NV 16¼ 89 £	25	106¼	107¼	+0½	+0⅞	14.99
Royal Trustco 14 86 £	12	100¼	101¼	+0¼	+0⅛	13.64
SDR France 15½ 92 £	30	103⅜	104⅜	+0½	+1½	14.63
Swed. Ex. Cr. 13¾ 86 £	20	100⅜	101⅜	−0¼	+1¼	13.21
Tenneco Int. 14¾ 87 £	30	99⅛	100⅛	+0½	+0⅞	14.81
Eurofima 10½ 87 LuxFr	500	96⅛	97¼	0	0	11.38
EIB 9¾ 88 LuxFr	600	92⅞	93⅞	+0⅛	+0½	11.42

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	98⅞	99¼	15/10	15.69	15.85
Bk. of Tokyo 5¼ 91 (D)	0⅛	100¼	100¾	8/12	15¼	15.17
Bk. Nova Scotia 5¼ 93	0⅛	99⅛	99⅞	29/10	15⅞	15.18
BFCE 5¼ 88	0¼	99⅞	100⅜	28/10	15	14.98
BFCE 5¼ 87	0¼	100⅛	100⅝	27/1	14	13.95
Caisse Nat. Tele. 5¼ 90	0¼	99⅞	100⅜	21/10	15¼	15.73
CCCE 5¼ 2002	0⅛	98¾	99¼	11/12	15⅛	15.53
CEPME 5¼ 92	0¼	100¼	100¾	10/12	15.44	15.36
Chemical NY 5¼ 94	‡0¼	99¾	100¼	23/9	16.69	16.69
Credit Agricole 5¼ 97	0¼	99½	100	24/9	15.44	15.48
Credit du Nord 5¼ 92	0¼	100⅜	100⅞	23/12	16.81	16.71
Credit Lyonnais 5¼ 97	0¼	99⅞	100⅜	1/10	16	15.98
Credit Lyonnais 5¼ 94	0¼	101	101½	1/1	16.94	16.73
Credit Nat. 5¼ 94	‡0¼	98½	99¼	9/9	14.69	14.84
Ireland 5¾ 89/94	0¼	99⅞	100⅜	25/11	14¼	14.73
Kansallis Osake 5½ 92	0¼	99⅝	100⅛	5/11	15.31	15.33
Lloyds Eurofin 5¼ 93	§0⅛	100⅛	100⅝	29/10	17⅛	17.06
Long Term Cred. 5¼ 92	0¼	99⅜	99⅞	29/11	14½	14.68
J. P. Morgan 5¼ 97	§0¼	99⅞	99¾	12/11	12.94	13.00
Nat. West. Fin 5¼ 91	§0⅛	100⅝	101⅛	15/1	15⅛	15.12
New Zealand 5¼ 87	0⅛	99⅞	100⅜	7/10	15.56	15.64
Nippon Credit 5¼ 90	0⅛	99⅜	99⅞	10/2	13⅞	13.93
Offshore Mining 5¼ 91	0¼	100⅛	100⅝	2/12	14.19	14.13
PKbanken 5 91	0¼	100½	101	17/12	15.81	15.69
Scotland Int. 5¼ 92	0⅛	99	99½	23/9	15⅛	15.49
Sec. Pacific 5¼ 91	0½	99½	100	24/11	15	15.04
Societe Generale 5¼ 95	0¼	99⅛	99⅞	1/9	15.31	15.37
Standard Chart. 5¼ 91	0⅛	99⅞	100⅜	18/11	14⅞	14.86
Sweden 5¼ 89	0¼	99⅜	99⅞	26/8	15.31	15.37
Toronto Domin'n 5¼ 92	0⅛	98⅞	99⅛	11/2	14.31	14.48

Average price changes... On day +0¼ on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¾ 96	7/81	933	73	74½	−3⅛	6.20
Bow Valley Inv. 8 95	4/81	23.12	94½	96¼	−0⅛	66.46
Bridgestone Tire 5½ 96	3/82	470	78⅜	80⅛	−1⅞	4.49
Canon 6¾ 95	1/81	736.3	87¾	89¾	−2	3.48
Canon 7 97	7/82	748.2	97⅞	99⅜	−2½	0.96
Chugai Pharm 7¾ 96	7/82	709.6	108⅝	110⅛	−2⅝	3.34
Fujitsu Fanuc 4½ 96	10/81	5641	67¼	68⅞	−2¼	21.54
Furukawa Elec. 5¼ 96	7/81	300	84	85¾	−1	−4.71
Hitachi Cable 5¼ 96	2/82	515	78	79½	−0⅛	3.65
Hitachi Cred. Cpn. 5 96	7/81	1612	60⅛	61⅞	−4	4.09
Honda Motor 5½ 97	3/82	841	74⅜	76⅛	−2⅛	7.39
Kawasaki 5¾ 96	9/81	229	57½	59	−1½	24.82
Marui 6 96	7/81	846.4	82¾	84⅛	−4⅛	2.20
Minolta Camera 5 96	10/81	826.4	57½	59	−1⅛	35.75
Minorco 9¼ 97	5/82	8.16	82	84	+2	19.32
Murata 5¾ 96	7/81	2168	61⅞	63⅛	−3⅛	35.37
NKK 6½ 96	7/81	188	64¼	65¾	−2	−23.56
Nippon Electric 5¼ 97	2/82	846	80⅛	81⅝	−3⅛	7.97
Orient Finance 5¼ 97	3/82	1205	70	71½	−4	1.14
Sanyo Electric 5 96	10/81	652	60⅝	62¼	−1⅛	22.64
Sumitomo Elec 5½ 97	3/82	577.3	80⅜	81⅞	−1½	7.51
Sumitomo Met. 5¼ 96	10/81	296.1	53¼	54¾	−2⅞	38.79
Swiss Bk. Cpn. 6¾ 90	9/80	191	72	74	0	37.52
Konishiroku 6¾ 88 DM	6/82	616	100⅝	102	−0⅛	17.63
Mitsubishi H. 6 89 DM	2/82	263	85¼	86¼	−0⅛	35.79

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate († three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date for conversion into shares. Cnv price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

N. AMERICAN QUARTERLIES

BALDWIN-UNITED	1982 $	1981 $
Second quarter		
Revenue	917.1m	500.4m
Net profits	33.29m	16.85m
Net per share	1.48	0.73
Six months		
Revenue	1.71bn	819.2m
Net profits	58.57m	31.39m
Net per share	2.62	1.37

CLOROX	1981-82 $	1980-81 $
Fourth quarter		
Revenue	255.6m	211.2m
Net profits	13.07m	10.98m
Net per share	0.54	0.48
Year		
Revenue	887.1m	714.0m
Net profits	45.12m	38.06m
Net per share	1.90	1.66

CROWN LIFE INSURANCE	1982 C$	1981 C$
Six months		
Revenue	650.0m	541.0m
Net profits	31.1m	31.7m

DENNY'S INC.	1981-82 $	1980-81 $
Fourth quarter		
Revenue	252.3m	224.5m
Net profits	10.36m	8.38m
Net per share	0.70	0.61
Year		
Revenue	955.7m	849.0m
Net profits	36.78m	26.32m
Net per share	2.47	2.02

DIGITAL EQUIPMENT	1981-82 $	1980-81 $
Fourth quarter		
Revenue	1.05bn	939.0m
Net profits	121.7m	116.9m
Net per share	2.20	2.19
Year		
Revenue	3.8bn	3.19bn
Net profits	417.2m	343.3m
Net per share	7.53	6.70

NORCEN ENERGY RESOURCES	1982 C$	1981 C$
Six months		
Revenue	525.5m	429.9m
Net profits	40.1m	29.4m
Net per share	1.47	1.06

NORTON SIMON	1981-82 $	1980-81 $
Fourth quarter		
Revenue	765.9m	784.6m
Net profits	29.0m	33.6m
Net per share	1.01	0.77
Year		
Revenue	2.99bn	2.99bn
Net profits	107.7m	103.7m
Net per share	3.31	2.26

OMARK INDUSTRIES	1981-82 $	1980-81 $
Fourth quarter		
Revenue	58.5m	68.2m
Net profits	593,000	2.66m
Net per share	0.09	0.51
Year	$	$
Revenue	260.7m	280.1m
Net profits	13.32m	23.05m
Net per share	1.86	3.22

SCM CORPORATION	1981-82 $	1980-81 $
Fourth quarter		
Revenue	486.6m	520.5m
Net profits	9.89m	19.16m
Net per share	1.84	1.96
Year		
Revenue	1.86bn	1.94bn.
Net profits	26.7m	56.5m
Net per share	3.01	5.80

THOMSON NEWSPAPERS	1982 C$	1981 C$
Six months		
Revenue	329.3m	305.0m
Net profits	45.5m	43.8m
Net per share	0.92	0.88

WAL-MART STORES	1982 $	1981 $
Second quarter		
Net profits	23.8m	18.6m
Net per share	0.36	0.25
Six months		
Net profits	41.9m	30.0m
Net per share	0.63	0.48

GEORGE WESTON	1982 C$	1981 C$
Second quarter		
Net profits	13.4m	16.5m
Net per share	0.84	1.11
Six months		
Net profits	25.7m	30.2m
Net per share	1.55	2.04

Doubts on Ruhrstahl state guarantee

By Jonathan Carr in Bonn

THE West German Government has stressed that it remains ready to provide aid for the Ruhrstahl concern, to be formed by the merger of the steel operations of Hoesch and Krupp.

But Economics Ministry officials also made it clear yesterday that there are strong reservations about a request for a state guarantee sought by Hoesch and Krupp.

It is understood that the request was made in parallel with an application for a state investment grant. These grants were introduced by the Government last year to help the German steel industry.

However, the Ministry has pointed out that the grant is available only to companies who, with their banks, are prepared to take a large part of the risk for their own investment plans. Provision of a state guarantee in this connection is thus not felt to be appropriate.

Sulzer to cut workers' hours as orders drop

By John Wicks in Zurich

SOME 20 per cent of the Swiss labour force of the Sulzer brothers engineering group is to be put on short time. The company plans a series of measures aimed at adjusting production to the recent drop in orders.

The parent company's machine-building division is in October to introduce short-time operations affecting some 300 employees and leading to a cut of 10 to 20 per cent in working hours. Over and above this, what Sulzer refers to as "re-dimensioning measures" are to be introduced which could lead to redundancies.

At the same time, about 1,300 employees at the weaving-machinery plant in Zuchwil will be affected by the introduction of an average 20 per cent cut in working hours: the textile-machinery division will put 415 employees on short time at three other works: and from next January a further 380 Zuchwil employees are expected to have their hours cut by 20 per cent.

Sulzer's engineering subsidiary Escher-Wyss will put some 500 employees on short time at the start of next month and, "if the situation does not improve," add a further 200 in November.

● Von Roll, Switzerland's largest steel manufacturer, is to cut working hours by 25 per cent for half of the 900 employees involved in steel production.

The cuts, to begin in September, will last for two months. The company said it anticipates a weakening of orders from abroad

Frankfurt bourse shivers ahead of AEG decision

BY KEVIN DONE IN FRANKFURT

WEST GERMAN share prices fell to their lowest point for more than seven years yesterday as the Frankfurt stock exchange was swept by rumours that AEG-Telefunken, the financially-stricken electrical group, was on the brink of plunging into bankruptcy.

The stock market speculation was dismissed by the company as "absolute nonsense," but share prices suffered across a broad front with the stock of leading West German banks and major industrial corporations under especial pressure. A wave of selling orders came strongly from abroad with a particular lead taken by investors in the U.S. and Switzerland.

On the German stock markets the Commerzbank index slumped to 650.2, its lowest point since February 1975, falling from 663.2 on Monday. The AEG share price fell again to DM 25.20 from DM 27.80 on Monday.

AEG's 24-member domestic banking consortium is to meet today for a critical meeting on the company's request for new loans of up to DM 1.1bn ($436.5m).

There are strong signs that some West German banks have reached the limit of their exposure to AEG and are unwilling to take part in the latest liquidity action, but the company said last night that half the DM 1.1bn had already been made aavilable.

Some smaller consortium members are understood to be insisting on participation by all members as a precondition for giving further credit and some are seeking clarification of the Federal Government's willingness to grant loan guarantees to cover additional credits of around DM 1bn.

AEG said last night that the DM 550m already made available by some consortium members was more than sufficient to provide the group's current liquidity needs for the further orderly running of the business.

Critically, the company is also hoping for reactions today from around 40 foreign banks which play a leading role in the financing of its foreign subsidiaries, which as yet have not been directly hit by the parent company's move to seek a settlement with its domestic creditors. AEG has asked the foreign banks to support its rescue efforts.

Two further domestic subsidiaries of the AEG group were forced yesterday to follow last week's action by the parent company and apply to the courts for protection from their creditors.

The household appliance manufacturers Zanker Tübingen (100 per cent AEG owned, DM 280m of sales in 1981 and 1,000 employees) and Neff-Werke (99.5 per cent owned by AEG, DM 357m sales in 1981 and 1,700 employees, located in Bretten in Baden-Württemberg) yesterday started legal proceedings as a first step towards liquidation.

By contrast the AEG-Telefunken parent company and Küppersbusch, a further household appliance subsidiary, have gone to the courts in a last-ditch attempt to restructure and stay in business.

Copenhagen Handelsbank ahead

BY HILARY BARNES IN COPENHAGEN

COPENHAGEN Handelsbank improved first half operating profits before depreciation and bad debt provisions from DKr 270m to DKr 331m ($37.9m).

The bank said the improvement was because of the general expansion of business and the success in limiting the exchange rate loss on subordinated loan capital in foreign currencies, which last year reduced operating profits by DKr 58m.

Net profits in the full year are expected to be maintained assuming that bond prices remain steady and there are no sharp fluctuations in interest rate levels. First half losses and gains on the bond portfolio cancelled each other out, despite generally weaker bond prices.

The change in portfolio values between the final days of each year is incorporated in the profit and loss account of Danish banks and bond market fluctuations can therefore have a crucial influence on the outcome of year-end profits.

Bad debt provisions are expected to run at the same high level as last year, the bank said. The balance sheet total increased from DKr 43.9bn in June last year to DKr 51.8bn at June, 1982.

Privatbanken says that profits for 1982 will be reduced, partly as a result of large bad debts. The bank's first half operating profit increased from DKr 92m to DKr 116m.

Andelsbanken expects a substantial improvement in 1982 earnings. The first half operating profit increased from DKr 73m to DKr 112m with the improvement attributed to increasing foreign business and better cash management.

Abercom lifts profits and payout

BY OUR JOHANNESBURG CORRESPONDENT

ABERCOM, the South African engineering group, reports higher pre-tax profits for the year ended June, 1982, and is lifting its dividend to 36 cents a share from 31 cents.

On sales 6 per cent higher at R244m, profits before tax have improved to R23.2m ($20m) from R21.4m. However, the company notes that its trading has been marred by weakening business conditions.

In South Africa, harder conditions lie ahead, and Abercom sees no visible sign of a recovery in the U.S. or Europe. It therefore believes that internal profit targets for the current year will be difficult to achieve.

After a tax credit, losses during 1981-82 from discontinued operations are limited to R7.7m. There is also an extraordinary credit of R6.3m. The upshot at the bottom of the profit and loss account is that net income emerges at an unchanged R14.7m.

Abercom plans to press ahead with its rationalisation, and expects any losses arising in future from divisional pruning to be minimal.

In the meantime, the group balance-sheet is looking healthier. Net assets attributable to shareholders have increased from 363 cents a share a year ago to 407 cents. Debt at June 30 totalled just over one-third of the net worth.

The bright spots for trading last year were the international fan division and components and spring-making. Earnings on the process equipment side were satisfactory.

Swiss machine tool group in the red

BY OUR ZURICH CORRESPONDENT

AN OPERATIONAL group deficit of SwFr 38.1m ($17.6m) was recorded by Ateliers De Charmilles, the Swiss machine-tools concern, for the financial year ended March 31, higher than the SwFr 20m loss forecast by the board last December.

The deficit will be reduced to SwFr 70,000, however, by the liquidation of SwFr 40.75m of unpublished reserves.

The group expects this transaction, based on a revaluation of Charmilles' property holdings, will give it sufficient resources to cover a further loss anticipated for the current 1982-83 year. A return to profitability is expected in 1984.

Charmilles' group turnover dropped by about 17 per cent last year to SwFr 177.6m. It is engaged in a reorganisation programme, to concentrate activities on electrical-discharge machine tools

The group has already sold its turbines division to Ateliers De Vevey, and its stake in the Cuenod heating-installations concern to the Kloeckner group of Germany.

هكذا من الأصل

Showa Denko deeper in the red at six months

BY YOKO SHIBATA IN TOKYO

SHOWA DENKO, a major Japanese diversified chemical company, suffered increased operating losses in the half year ended June 30 because of depressed demand, over-capacity, higher costs of imported raw materials caused by the yen's depreciation, and the loss of domestic market share to imported petro-chemicals from the U.S. and Canada.

The operating losses expanded to Y762m ($2.9m) from the previous year's Y666m deficit. The net deficit was Y415m compared with net profits of Y103m a year earlier.

Sales slipped by 0.4 per cent to Y191.5bn ($722m). With sales of chemicals falling by 1.6 per cent to account for 55.1 per cent of the total.

Sales of furnace products rose by 1.9 per cent to account for 28.2 per cent of the total, helped by stable sales of industrial gases. However, sales of carbon electrodes for electric arc furnaces declined because of the global steel recession. Only the inorganic and construction material division fared well with sales rising by 6.3 per cent to account for 16.5 per cent of the total.

Showa expects its performance to improve in the second half because of favourable factors such as higher prices for petrochemicals, cost reductions, and the launching of new products.

Full year operating profits are expected to reach Y1.24bn, down by 16.7 per cent from the previous year. Net profits are forecast to rise 3.1 per cent to reach Y590m while sales edge ahead 0.3 per cent to Y385.5bn. The company will try to maintain a Y4 a share dividend.

Yamanouchi hit by price cuts

BY OUR TOKYO CORRESPONDENT

YAMANOUCHI Pharmaceutical, a leading Japanese pharmaceutical manufacturer with a particular strength in prescription drugs, has posted only single figure growth in profits in the half year ended June because of compulsory price cuts in the National Health Insurance scheme.

Operating profits rose by 5.7 per cent to Y7.87bn ($29.7m) and net profits were up 4 per cent to Y3.15bn. Sales advanced by 12.2 per cent to Y45.76bn.

Sales of existing drugs remained flat while newly launched drugs such as "Perdipine," a cerebral vasodilator, contributed Y7.4bn to total sales.

The growth in earnings was held back by higher sales expenses associated with the launch of new drugs.

In the half year ending December, sales of Perdipine are expected to grow to Y6bn from Y5bn in the first half.

The launch of a further two new drugs in the half are also expected to bolster sales. However, another price cut of prescription drugs is expected in the period, which is likely to have an adverse effect on earnings.

Full year operating profits are forecast to rise 2.8 per cent to Y15.5bn and net profits by 2 per cent to Y5.8bn. Sales of Y95bn are expected, a rise of 11 per cent.

Slowdown for foreign banks in Malaysia

By Wong Sulong in Kuala Lumpur

THE TWO largest foreign banks in Malaysia—Chartered Bank and Hongkong and Shanghai Banking Corporation—have reported only moderate improvements in earnings for the year ended December 1981 compared with the more buoyant performance of local Malaysian banks.

HSBC reported a 4 per cent increase in after-tax profit to 39.89m ringgit (U.S.$17m) while Chartered, part of the Standard and Chartered group of the UK increased after-tax earnings by 14.5 per cent to 26.8m ringgit.

In contrast, Malayan Banking, the second largest locally owned bank, has reported a 22 per cent increase in net profits for the same period to 31.7m ringgit.

Reflecting the recession in Malaysia, HSBC and Chartered registered slower growth in customers deposits as well as in loans and advances. Total customers deposits at HSBC rose by 180m ringgit to 2.39bn ringgit (U.S.$997m) while deposits at Chartered increased by 122m ringgit to 2.25bn ringgit.

Total loans and advances at HSBC rose by 226m ringgit to 1.9bn ringgit while loans at Chartered increased by 96m ringgit to 1.65m ringgit.

At the year-end HSBC and Chartered had total assets of 4.53bn ringgit and 4.3bn ringgit respectively making them the third and fourth largest banks in Malaysia after Bank Bumiputra and Malayan Banking.

HSBC and Chartered are discussing with the Malaysian authorities the local incorporation of their operations, which would allow them to comply with the government's New Economic Policy while participating fully in the country's economic growth.

Because of their size, not more than 30 per cent of their equity is expected to be sold to Malaysians initially.

Midterm loss for Alcan Australia

By Lachlan Drummond in Sydney

ALCAN AUSTRALIA has rounded out a depressing half year for the Australian aluminium producers by posting a A$2.35m loss for the six months to June 30 on unchanged sales of A$111.5m (US$108m).

The directors attributed the loss to continuing increases in labour, energy, interest and other operating costs when depressed market conditions had stopped the company raising prices.

The worsening from the already depressed A$4.98m profit achieved in the corresponding period last year came hard on the 53 per cent drop in net earnings to A$5.71m reported by Comalco and the 35 per cent decline to A$36.9m at Alcoa of Australia.

While held back by the depressed domestic market, lower international prices also meant Alcan's returns from this source were reduced despite increased shipments as it built up to its commitment under a 24,000 tonnes a year contract to Nippon Light Metals.

The net interest bill for the period was ahead from A$7.24m to A$10.36m which pushed the group into the red at the net level from its operating profit of A$5.1m against A$17.56m Net profit was struck after a tax credit of A$2.9m

Woodside Petroleum steps up gas project spending

BY OUR SYDNEY CORRESPONDENT

WOODSIDE PETROLEUM drew down a further A$83.4m (U.S.$81.5m) of its U.S.$1.4bn international loan facility in the six months to June 30 and stepped up spending on the North-West shelf gas project.

The company spent a total of A$160m on development and exploration on the project in the period and as an indirect result profit for the half year was reduced.

Net profit was down from A$1.58m to A$983,000 with a major factor being the reduction in investment income as it used funds raised for exploration and development.

Investment income fell from A$4.78m to A$2.28m, more than offsetting the benefit from increased gas production in the Cooper Basin where it holds an interest through Vamgas. Its spending on the Cooper Basin, meanwhile, jumped from A$2.3m to A$14.3m.

With the latest A$83.4m drawing from the North-West Shelf credit Woodside has now taken up the equivalent of A$228.8m.

Downturn for McCarthy

BY OUR JOHANNESBURG CORRESPONDENT

Increasing competition in South Africa's motor vehicle market badly affected the country's largest motor distributor, the McCarthy Group, in the year to June. Operating profits fell by 18.9 per cent to R30.4m ($25m).

Vehicle sales by the industry rose by 6.3 per cent to 462,543 units in the year but McCarthy's sales were 4 per cent lower.

McCarthy is also the country's largest motorcycle distributor with about 40 per cent of the market. This side of the business was even worse affected with a 25 per cent drop in unit sales.

Profit margins were put under pressure by distributors discounting prices heavily to reduce excess stocks. Carrying costs of large stocks were further affected by increased interest rates and McCarthy's interest bill rose to R6.2m in the half year from R1.8m. The situation is unlikely to improve in the near future, the company said.

Earnings per share fell to 73.5 cents from 119.6 cents and the dividend total has been reduced to 30 cents from 42 cents.

Chuang's lifts profits by 107%

CHUANG'S (HOLDINGS), one of Hong Kong's few quoted electronics companies, has reported profits up 107 per cent to HK$20.3m (U.S.$3.2m) after tax for the year to March 31, Robert Cottrell reports from Hong Kong.

Attributable profits are, however, down from HK$84m to HK$22.4m since the prior year saw extraordinary gains on land sales of HK$74m against HK$2.1m in 1981-82.

Chuang's has proposed a final dividend of 6.8 cents, making 9.8 cents for the year, an increase of 31 per cent adjusting for scrip and rights issues.

WORLD STOCK MARKETS

Wall St 10 higher by 1pm

THE DECLINE in U.S. interest rates and a strengthening Bond market spurred Wall Street into a further good rally yesterday morning in very heavy trading.

The Dow Jones Industrial Average, which had rallied 15 points on the previous two business days from a 28-month low, advanced 9.89 more to 802.42 at 1 pm yesterday. The NYSE All Common Index added 72c at $69.47, while advancing issues outpaced declines by almost three-to-one. Trading volume showed a sharp increase to 55.87m shares from Monday's 1 pm level of 41.41m.

Prime interest rates at many banks have been cut in recent days following the Federal Reserve's decision last Friday to trim the Discount Rate to 10½ per cent from 11.

Interest rate-sensitive Electric Utilities were generally active and higher. Duke Power put on ⅞ to $22. Northern Indiana Public Service ¼ to $11⅞ and Gulf States Utilities ⅜ to $12⅜.

Blue Chip issues were generally higher, with ATT up 1½ to $53⅞, General Motors 1½ to $42⅛ and IBM 1 to $63⅞.

K-Mart, which reported slightly higher earnings for the second quarter, improved ½ to $16⅛ in active trading.

News of Occidental Petroleum's decision to terminate its $50-a-share offer for Cities Service resulted in a further suspension of the latter's stock. Trading in Cities Service was halted at a price of $38. The bid was withdrawn after Cities Service rejected the terms.

Georgia Pacific, the most active issue, was off ⅛ at $15⅛ on volume of nearly 2.5m shares. The company said it would have a $27.1m tax-free gain on the exchange of stock for $61.8m principle amount of Industrial Revenue Bonds.

THE AMERICAN S.E. Market Value Index was 0.88 higher at 239.15 at 1 pm. Volume 3.06m (3.07m).

Closing prices for North America were not available for this edition.

Canada

Markets displayed a firmer bias at midday after moderate dealings. The Toronto Composite Index picked up 5.4 to 1,409.4, while Metals and Minerals rose 11.5 to 1,305.9, although Oil and Gas was only 0.9 higher at 2,303.1.

Germany

Rumours that AEG-Telefunken was about to file for bankruptcy led to a collapse in share prices, and the Commerzbank index dropped 13.0 to a seven-year low of 650.2.

A denial from AEG towards the end of the session helped some shares to move off the day's lows, but dealers said it brought little comfort to a market already unsettled by the flight from Deutschemark securities into the U.S. currency.

AEG plunged to a record low of DM 22.30 before recovering to DM 23, down DM 4.50 on the day.

The rumours triggered heavy selling orders by both small and professional investors. Dealers said sharp falls in shares such as Siemens and Daimler, that had previously shown strong resistance, proved most disturbing.

Siemens, despite news of a DM 191m Saudi contract, fell DM 5.10 to DM 212. Daimler retreated DM 3 to DM 292 and BMW DM 5.40 to DM 176.

Among Banks, Commerzbank shed DM 6 and DM 4.50 respectively to DM 113 and DM 115, while Deutsche lost DM 5 to a two-year low of DM 245.

In contrast, the Domestic Bond market continued to improve on the lower U.S. interest rates, gaining on average ¼ of a point more. The Bundesbank sold DM 14.8m of stock against Monday's heavy sales of DM 95.2m. Euromarket Bond prices, however, were not as resistent to developments in the equity sector because of nervous foreign investors, and tended to close slightly easier.

Tokyo

The renewed weakness of the yen against the U.S. dollar sent the Tokyo stock market into a fresh slide yesterday in further thin trading.

The Nikkei Dow Jones average dipped 74.87 to 6,564.56, its lowest since August 19 1980. The Tokyo SE index closed 4.44 down at 511.52. Volume amounted to only 140m shares, but exceeded Monday's 110m.

In Tokyo, the U.S. currency closed at Y265.35, the highest in five years. Traders said the Japanese currency's inability to reverse its fall despite last week's cut in the U.S. Discount Rate hurt investor confidence and dealt a serious blow to the market.

Foreign investors, discouraged by the yen's weakness, were shunning Blue Chips, which led the market lower. An analyst said that since February, foreign investors had sold more Japanese stocks than they had bought, except for the month of May, owing to high U.S. interest rates and dwindling petrodollars held by Opec nations. West European investors had sold Japanese stocks particularly heavily, with many converting Japanese Convertible Bonds into stocks in stocks in order to sell them.

The analyst added that Japanese exports would continue to slow, while domestic economic recovery would be sluggish. Growing deficit financing would make it difficult for the Japanese Government to pursue flexible fiscal and monetary policies.

Light electricals were particularly under pressure. Sony closed above the day's worst but still Y100 down at Y3,000. Victor lost Y70 to Y1,870 and Sharp Y26 to Y804.

Poor earnings prospects as a result of the Yen's fall left oil issues outstandingly weaker. Nippon Oil retreated Y20 to Y786.

Steels were lower on reports that July crude steel output had fallen to a seven-year low.

Hong Kong

After falling afresh early yesterday amid continued institutional selling, the market rebounded as selling evaporated and bargain-hunters stepped in.

The Hang Seng index climbed at a 26-month low on Monday on worries over the Colony's future when the lease from China on the new territories expires in 1997. Yesterday, the index retreated more than 30 points in the first hour of trading and then rallied to finish 41.38 ahead on the day at 878.66. Turnover on the four exchanges picked up to HK$294.83m from the previous day's HK$207.17m.

Brokers said news of a proposed visit to the Guangdong Province of China by Edward Youde, the governor of Hong Kong, raised hopes of some encouraging development and promoted buying by small investors.

Property shares led the recovery, with leader Cheung Kong ending a net 60 cents up at HK$9.90, partly reflecting speculation of better than initially expected interim results.

Paris

Bourse prices tended to improve, helped by news that French retail prices were estimated to have risen by only 0.3 per cent in July after a 0.7 per cent rise in June. The recent strengthening on Wall Street also aided sentiment.

Australia

Markets drifted with no clear trend in another quiet session awaiting the federal budget proposals due later that day.

Brokers said they did not expect the budget to provide a significant stimulus to equity markets. Analysts said any recovery on Autsralian markets would be linked to a sustained upswing in the U.S.

CANADA

Stock	Aug. 16	Aug. 15
AMCA Intl.	17⅝	17⅝
Abitibi	16⅛	16⅛
Agnico Eagle	7.63	7.50
Alcan Alumin	23½	23½
Algoma Steel	24	24⅜
Asbestos	10½	10½
Bk Montreal	17½	18
Bk Nova Scotia	23½	25⅛
Basic Resources	2.30	2.10
Bell Canada	17⅝	17½
Bow Valley	13½	14
BP Canada	23¼	22¾
Brascan A	12⅛	12⅝
Brinco	3.15	3.25
B. C. Forest	7⅛	7¼
CIL Inc	18½	18½
CadillacFairview	5⅛	5⅝
Can Cement	8	8⅛
Can NW Energy	24¾	24¾
Can Packers	29¼	28½
Can Trusco	20¾	20
Can Imp Bank	18⅞	19
Cdn Pacific	26⅛	25⅞
Can. Pac. Ents.	15⅝	15¼
Can Tire	36½	36½
Chieftan	18½	18¼
Cominco	36½	37
Cons Batest A	14¼	14
Cont.Bk. Canada	7⅛	7⅜
Coseka Res	3.30	3.30
Costain	5⅜	5⅝
Daon Devel	0.95	1.25
Denison Mines	18¼	18⅜
Dome Mines	6⅞	7⅛
Dome Petroleum	3.05	3.45
Dom Foundries	27¾	27¼
Dom Stores	13½	13¼
Domtar	16	15⅛
Falcon Nickel	40½	41½
Genstar	9⅞	9⅜
Gt. West Life	1.80	1.80

BELGIUM (continued)

Aug. 17	Price Frs.	+ or —
Petrofina	4,400	—35
Royale Belge	5,050	+10
Soc. Gen. Banq.	2,300	—35
Soc Gen Belge	1,118	.....
Sofina	3,400	.....
Solvay	1,900	—19
Traction Elect	2,540	—10
UCB	2,100	.....
VieilleMont	2,875	+50

DENMARK

Aug. 17	Price Kr.	+ or —
Andelsbanken	116.4	+0.4
Baltica Skand	350.4	+0.4
CopHandelsbank	126	.....
D. Sukkerfab	358.4	—0.6
Danske Bank	125	.....
East Asiatic	91.0	.....
Forende Brygg	570	+5
Forende Damp	382.0	—0.4
GNT Hldg.	225.0	+0.6
Jyske Bank	175	.....
Nord Kabel	130	+2
Novo Ind.	1,750	.....
Papirfabrikker	77	.....
Privatbanken	123.4	.....
Provinsbanken	119	.....
Smidth (F.L.)	131	—3
Sophus Berend	569	—1
Superfos	93.0	—1.2

HOLLAND

Aug. 17	Price Fls.	+ or —
ACF Holding	78	+0.4
Ahold	91.3	—1.2
AKZO	25	—1
ABN	254	—16
AMEV	87	—0.5
AMRO	36.8	—1.2
Bredero Cert	152	—1
Boskalis West	57	—0.1
Buhrmann-Tet	29	.....
Calend Hld s	25.5	—0.2
Elsevier NDU	152.3	—0.7
Ennia	127	+1.5
Euro Comm Tst	74.5	.....
Gist.-Brocades	74.4	—0.8
Heineken	64.5	—0.3
Hoogovens	14.4	—0.1
Hunter Douglas	7.8	—0.2
Int Muller	16.1	—0.7
KLM	83.7	—0.3
Naarden	23	—0.2
Nat Ned cert	116.5	—0.5
Ned Cred Bank	27.3	.....
Ned Mid Bank	101.5	+0.2
Ned Lloyd	107.2	+0.1
Oce Grinten	118.5	—1.4
Ommeren (Van)	22.2	—0.4
Pakhoed	36	+0.2
Philips	23.5	—0.1
Rijn-Scheide	23.1	.....
Robeco	197	—0.2
Rodamco	125.4	+0.3
Rolinco	189.2	—1.1
Rorento	162.5	+1.7
Royal Dutch	84	—0.6
Slavenburg's	75.5	.....
Tokyo Pac Hg	175.6	+0.6
Unilever	147.5	—4.5
Viking Res	95	—0.5
Vmf Stork	47	.....
VNU	54.5	—0.7
West Utr Bank	66.5	+0.5

AUSTRALIA

Aug. 17	Price Aust. $	+ or —
ANZ Group	3.43	—0.02
Acrow Aust	1.30	.....
Ampol Pet	1.18	.....
Assoc. Pulp Pap	1.45	.....
Audimco	0.07	.....
Aust. Cons. Ind	1.30	+0.02
Aust. Guarant.	2.18	+0.03
Aust. Nat. Inds	2.1	+0.1
Aust. Paper	1.75	+0.05
Bank NSW	2.50xd	.....
Blue Metal	1.50	.....
Bond Hldgs	0.95	.....
Boral	2.26	—0.02
Bouganville	1.29	+0.01
Brambles Inds	1.92	—0.01
Bridge Oil	2.40	.....
BHP	6.66	—0.12
Brunswick Oil	0.15	.....
CRA	3.18	.....
CSR	2.55	—0.8
Carlton & Utd	1.93	+0.05
Castlemaine Tys	3.58	.....
Cluff Oil (Aust)	0.33	.....
Do. Opts	0.10	.....
Cockburn Cemt.	1.25	.....
Coles (G.J.)	2.00	.....
Comalco	1.90	+0.05
Costain	1.45	+0.05
Dunlop	1.00	.....
Elder-Smith G.M.	2.55	—0.05
Endeavour Res.	0.16	.....
Gen. Prop. Trust	1.48	—0.01
Hartogen Energy	1.80	.....
Hooker	0.87	.....
ICI Aust.	1.45	.....
Jennings	1.20	+0.02
Jimbalana 50cfp	0.12	.....
Jones (D)	1.45	.....
Leonard Oil	0.19	.....
MIM	2.88	—0.03
Meekatharra	2.00	.....
Meridian Oil	0.17	.....
Monarch Pet	0.07	—0.01
Myer Emp	1.35	—0.05
Nat. Bank	2.35	.....
News	2.00	.....
Nicholas Kiwi	1.30	.....

JAPAN (continued)

Aug. 17	Price Yen	+ or —
Kubota	329	—1
Kumugai	357	—3
Kyoto Ceramic	3,400	.....
Lion	342	—3
Maeda Const	510	—5
Makita	690	—15
Marubeni	272	+2
Marudai	525	+1
Marui	790	—20
Matsushita	1,165	—19
M'ta Elec Works	450	—4
M'bishi Bank	92	+2
M'bishi Corp	42	—1
M'bishi Elect	25	—7
M'bishi Real Est.	40	—2
MHI	172	+1
Mitsui Co	298	—3
Mitsui Real Est	558	—2
Mitsukoshi	316	—10
NGK Insulators	436	.....
Nippon Denso	950	—11
Nippon Gakki	612	—2
Nippon Meat	354	—1
Nippon Oil	786	—20
Nippon Shimpan	640	—36
Nippon Steel	126	—3
Nippon Suisan	237	.....
NTV	3,910	.....
Nippon Yusen	216	.....
Nissan Motor	717	+4
Nisshin Flour	324	.....
Nisshin Steel	140	.....
Nomura	390	—2
Olympus	951	—1
Orient Leasing	1,360	.....
Pioneer	1,340	—5
Renown	586	—5
Ricoh	490	—2
Sanyo Elect	368	—1
Sapporo	234	—1
Sekisui Prefab	646	—2
Sharp	804	—26
Shiseido	841	—12
Sony	3,000	—100
Stanley	330	.....
S'tomo Marine	205	—4
Taihei Dengyo	440	.....
Taisei Corp	220	—3
Taisho Pharm	673	—10

Indices

LONDON STOCK EXCHANGE

Gilt-edged advance continues to 4½-year high
Equities cast aside economic doubts

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Aug 2	Aug 12	Aug 13	Aug 23
Aug 16	Sept 2	Sept 3	Sept 13
Sept 6	Sept 16	Sept 17	Sept 27

* "New time" dealing may take place from 9 am two business days earlier.

Government securities soared to 4½-year peaks late yesterday when London stock markets staged a strong finish to a day which had earlier seen a temporary lull in the current boom. Equity markets also cast aside recent reservations about UK economic trends and leading shares enthusiastically followed Gilts to close with widespread good gains ranging to 8 and to double figures in Electricals. As a result, the FT Industrial Ordinary share index, after showing a gain of 1.3 at 2 pm, bounded ahead for a closing rise of 12.4 to 558.2.

Early sharp improvements in U.S. bond values in New York yesterday on reports that U.S. economist Henry Kaufmann had changed his recent pessimistic view of short- and long-term interest rate trends, sparked off the latest London buoyancy. Fresh sizeable investment funds, on domestic and foreign account, were committed to Gilt-edged stocks and the market became *quite active with the tempo* increasing on the 3.30 pm announcements of clearing bank base lending rate cuts to 11 per cent.

Although expected for some days, the reductions strengthened optimism about lower international interest rates and eventually caused Gilt dealers to widen dealing quotations rather sharply in the late unofficial trade. Longer-dated stocks were then showing further gains extending to two points with rises in the shorts ranging to a point; the combination left the FT Government Securities index 0.93 up at 76.42, its highest since January 25 1978.

After being a relative backwater for best part of the session, equities moved higher in the last hour of official business and the tone strengthened considerably after-hours. The current thin and sensitive nature of the industrial sectors then became evident as Wall Street advanced more convincingly in yesterday's early dealings.

Banks rally

Home Banks had already rallied around 6 when the late afternoon announcement of fresh ½-point reductions in base lending rates to 11 per cent fuelled a further rise which left closing improvements ranging to 14. Barclays, the first of the major clearers to cut its rate, closed that much dearer at 368p. Lloyds recovered 12 to 392p as did NatWest, to 412p, while Midland gained 11 to 307p.

Still reflecting the buoyancy of the gilt-edged market and the cheaper money trend, Discount Houses gained further ground. Cater Allen put on 10 more to 340p and Union 7 to 482p. Hire Purchases also drew strength from lower interest rates and Provident Financial led the rise with a gain of 6 to 134p.

Elsewhere, Standard Chartered, at 380p, recovered 18 of the recent sharp fall sustained in sympathy with the recent weakenss of Hong Kong stocks.

Press comment on the interim results helped Royals to advance 18 for a two-day rise of 28 at 368p. Other Composites improved in sympathy; Sun Alliance, with interim figures scheduled for September 1, put on 10 to 764p, while GRE rose 8 to 290p. Eagle Star, still on Allianz bid hopes, appreciated 6 more to 344p. Life Insurances also did well. Equity and Law rose 12 to 446p and Legal and General 10 to 255p.

Bio-Isolates again highlighted recent newcomers to the Unlisted Securities market, rising 6 more to the best yet of 74p compared with last month's *issue price of 33p.*

For the second consecutive day, a generally uneventful session in the drinks sector was enlivened by institutional *demand after the official close* and the leaders often attained new 1982 peaks. Whitbread advanced 5 to 128p, while Bass, 258p, and Grand Metropolitan, 258p, *rose 6 and 8 respectively.* Allied-Lyons rose 4 to 120p, and Arthur Guinness 3 to 52p. Regionals mirrored the leaders and Greenall Whitley closed 4 to the good at 122p, while gains of 6 were seen in Vaux, 172p, Greene King, 384p, and Wolverhampton and Dudley, 242p. Distillers featured Wines and Spirites, improving 7 to 191p in an active business.

Encouraged by the fresh cut in base lending rates, Buildings shares recorded some useful gains. Barratt Developments were prominent among House builders with a rise of 9 to 315p. BPB improved 10 to 440p, while satisfactory interim results left Taylor Woodrow a similar amount up at 535p. Magnet and Southerns improved 6 to 180p, while RMC, 361p, and Redland, 184p, put on 4 apiece. Against the trend, Howard Shuttering, still reflecting lower annual profits, eased a penny more to 30p, while Mixconcrete, currently in receipt of a bid from Pioneer Concrete, eased 4 to 164p following a sell recommendation.

Inclined easier at one stage, ICI rallied to finish 4 higher on balance at 276p.

Stores wanted

Store majors attracted early support encouraged by the latest retail sales figures, but lack of follow-through interest resulted in a relatively subdued session until prices moved up in line with the general trend after the "House" close. Burton stood out with a gain of 8 to 209p, while W. H. Smith, 190p, and Habitat Mothercare, 156p, added 4 apiece. Gussies A finished 7 higher at 515p, but British Home closed 4 cheaper at 180p. Elsewhere, renewed speculative support left Austin Reed A 4 up at 92p, and A. Goldberg 5 dearer at 60p. D-I-Y issues also attracted interest and Harris Queensway firmed 4 to 188p, as did Home Charm, to 172p. MFI rose 3 to 82p.

Electrical leaders closed on a strong note. Racal stood out with a jump of 23 to 493p following the chairman's confident statement at the AGM and his hint that a scrip-issue might be called next year. Thorn EMI were also prominent, ending 17 to the good at 412p, and Plessey, awaiting first-quarter figures tomorrow, advanced 13 to 530p. BICC gained 6 to 298p and Cable and Wireless appreciated 7 to 357p. Elsewhere, Arlen, a narrow market, jumped 13 to 38p, after 40p, on bid speculation sparked off by the announcement that retired chairman, Mr L. C. Redfern, has disposed of 400,000 shares (10.29 per cent) of his large shareholding. Revived talk of a bid from Plessey left Ferranti up 27 at 430p, while Phicom reflected the strong interim profits recovery with a rise of 4 to 26p. Sound Diffusion continued firmly at 150p, up 10, while United Scientific gained 9 to 356p. Against the trend, Louis Newmark relinquished 5 to a 1982 low of 185p ahead of tomorrow's annual figures.

A broker's survey recommending selective purchases in the sector prompted occasional interest in Engineerings. Following the general late afternoon improvement, TI stood out with a jump of 6 to 102p, while Hawker gained 8 to 342p and rises of around 4 were marked against GKN, 147p, and Vickers, 132p. Elsewhere, APV featured with a gain of 17 to 292p in a restricted market. Babcock advanced 6 to 109p and Ash and Lacy closed 5 dearer at 345p. Fresh support lifted Glynwed 2 further to 94p, and Whessoe hardened a similar amount to 90p.

Nu-Swift up on bid

Nu-Swift Industries rose 4 to 39p, after 41½p, in response to the bid, equivalent to around 37p per share, from unlisted Mosspray. Elsewhere in miscellaneous industrials, Howard Tenens attracted early speculative support *and had risen 5 to 84p when* dealings in the shares were suspended at 10.30 am prior to the announcement of a bid approach; G. M. Firth, which owns a 12 per *cent stake in H.T., gained 11 in* sympathy to 153p. Restmor advanced 8 to 98p on better-than-expected results, while Dalgety gained 11 to 285p on talk of the *sale of an Australian coalmine.* Johnson Group Cleaners rose 10 to 238p with sentiment helped by Sunlight Services' decision to pursue its case for a bid before the *Monopolies Commission.* Speculative buying prompted a rise of 12 to 272p in Diploma and an improvement of 3 to 68p in Booker McConnell. A rally in Hong Kong stocks saw China Light recover 17 to 119p, Jardine Matheson 12 to 138p and Swire Pacific A 7½ to 88p.

The leaders closed at the day's best following the base rate cuts. BOC rose 6 to 170p and Beechams 5 to 289p. Marked down to 595p on the disappointing second-quarter profits, Unilever picked up late to close unaltered at 605p.

Properties consolidated early gains following the further ½-point reductions in clearing bank base rates. Land Securities closed 8 to the good at 282p, while Great Portland Estates put on 6 to 158p and MEPC, 194p, and British Land, firmed 4 and 3 respectively. Elsewhere, Hammerson A put on 15 more to 595p and Property Holding and Investment rose 6 to 142p. Against the trend, Daon Development, the Canadian real estate development group, plummeted 14 to a 1982 low of 45p on the suspension of interest payments on its debentures and dividends on the preferred and common shares.

Shell good

Unsettled at the start by speculation about a cut in the official Saudi Arabian crude price, leading Oils opened lower. But quotations subsequently rallied, with the firmer trend in the late afternoon being helped by the good early performance on Wall Street. Shell, down to 376p at one stage, closed 10 up on balance at 390p; the half-yearly figures are due today. British Petroleum ended 4 to the good at 266p, after 258p, *while Lasmo ended similarly* dearer at 337p and Ultramar rose 5 to 393p.

Reflecting the boom in Gilt-edged securities, Akroyd and Smithers were strong in Financials and closed 12 to the good at 252p. R. P. Martin edged up 5 to 310p, but Aitken Hume gave up that amount to 155p. Among Trusts, *Jardine Securities rallied* 8 to 101p in line with other Hong Kong issues.

Shippings were inclined harder, with P. and O. Deferred improving late to close 5 higher at 150p. Reardon Smith, in contrast, eased 4 to 90p on the poor results.

Fears that last night's television documentary concerning the cotton dust-related disease, byssinosis, could result in a similar wave of selling as that *which adversely affected Turner* and Newall last month following a programme about asbestosis led to nervousness among leading Textiles. Courtaulds closed *a penny lower at 77p, after 78p,* while Coats Patons were briskly traded down to 57½p for a fall of 3½. Carrington Viyella gave up a fraction to 7p.

Tobaccos closed with good gains across the board. Imperial rose 3 to 96p and Bats 10 to 480p, while Rothmans, a recent speculative favourite, revived *with a rise of 4 to 87p.*

Golds at 4-month high

The combined effects of persistent Johannesburg demand, lack of any worthwhile selling pressure, a stock shortage and a relatively steady performance by the bullion price led to another good day for South African Golds, although turnover again left much to be desired.

The Johannesburg buying, later accompanied by American support, prompted widespread and often substantial gains in Golds and the Gold Mines index moved up 4.4 to 270.0—a rise of 22.3 over the past five trading days and its best level since April 7.

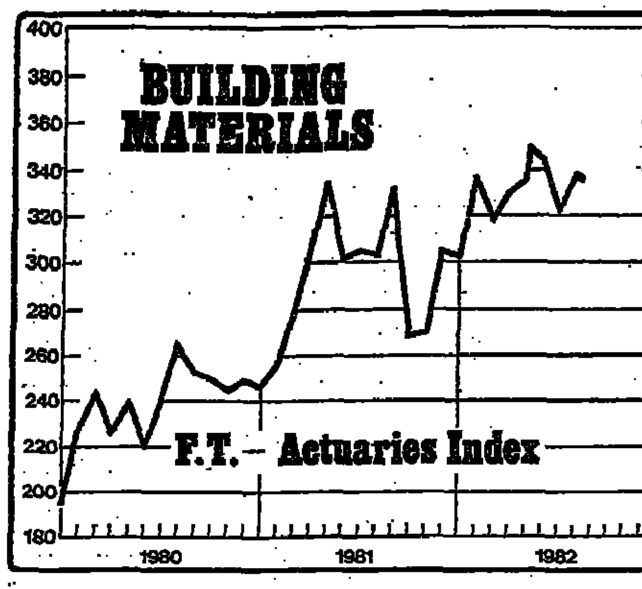
South African Financials gained ground in sympathy with Golds. Gold Fields of South Africa improved ¾ to £34¼ following the better-than-expected re*sults and maintained final divi*dend.

Gold Fields advanced 12 to 415p in active trading while RTZ put on 5 to 418p and Charter 3 to 190p.

Aggressive Johannesburg buying, encouraged by stock shortage and the generally better than forecast results from Impala, prompted good gains in platinums where Impala advanced 18 to 250p, Rustenburg 14 to 164p and Lydenburg 10 to 130p.

In Tins, Geevor, up 5 more to 70p, continued to reflect the revived interest in Cornish tin mining following the Charter/RTZ acquisition of the South Crofty mine.

Volume in the Traded Options market, which closes at 3.30 and therefore failed to benefit from the after-hours rally in equity markets, was generally regarded as disappointing and 2,117 contracts were done—1,702 calls and 415 puts.



FINANCIAL TIMES STOCK INDICES

	Aug. 17	Aug. 16	Aug. 13	Aug. 12	Aug. 11	Aug. 10	A year ago
Government Secs.	76.42	75.49	74.25	73.55	72.98	72.76	65.18
Fixed Interest	75.09	74.83	74.02	73.64	73.23	73.10	66.49
Industrial Ord	558.2	545.8	544.9	544.9	547.4	541.1	567.1
Gold Mines	270.0	265.6	262.0	256.9	251.1	247.7	386.4
Ord. Div. Yield	5.31	5.41	5.42	5.43	5.39	5.46	5.29
Earnings, Yld.% (full)	11.80	12.03	12.04	12.06	11.55	11.69	9.24
P/E Ratio (net) (*)	10.17	9.98	9.97	9.95	10.47	10.34	14.11
Total bargains	19,274	17,170	17,582	14,363	14,294	15,345	18,003
Equity turnover £m.	—	102.97	126.95	118.40	100.93	100.23	137.62
Equity bargains	—	10,295	12,269	10,556	9,108	10,698	14,207

10 am 547.9. 11 am 547.3. Noon 547.0. 1 pm 547.0.
2 pm 547.1. 3 pm 550.3.

Basis 100 Govt. Secs. 15/10/26. Fixed int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil 9.47.

† Correction.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	76.42 (17/8)	61.89 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	75.09 (17/8)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	594.0 (8/6)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	502.0 (5/1)	181.2 (22/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 16	Aug. 13
—Daily		
Gilt Edged Bargains	285.4	293.1
Equities Bargains	66.7	79.5
Value	208.1	256.0
5-day Avrge.		
Gilt-Edged Bargains	255.6	245.2
Equities Bargains	68.3	69.3
Value	222.1	225.3

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	93	—	—
Corpns. Dom. and Foreign Bonds	40	—	36
Industrials	303	142	885
Financial & Props.	181	37	295
Oils	30	21	57
Plantations	4	1	17
Mines	60	21	75
Others	75	20	50
Totals	786	242	1,415

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+or-	Net Div.	Times covered	Gross Yield	P.E. Ratio
‡‡	F.P.	—	45	36	Anglo-Nordic 5p	36		b0.89	2.0	3.5	29.3
‡‡	F.P.	—	82½	75	Antofagasta Hldgs £1	75		7.0	3.6	13.3	2.3
‡‡	F.P.	30/7	20	11	Argyll Foods Warr'ts	17					
148	F.P.	—	45	34	Atlantis Res. Int.	37	-1				
33	F.P.	—	24	24	Beradin Holdings 5p	24		0.65	1.3	3.9	29.5
135	F.P.	10/9	44	38	Coleman Milne 10p	44	+6				
‡‡	F.P.	—	41	39	Dalmar Group	30					
‡‡	F.P.	29/11	106	96	Ecobric New Ord £1	96		bd10.5	1.8	15.6	4.3
—	F.P.	—	63	57	Do. Defd.	58	-1				
80	F.P.	24/9	58	48	Hadson Pet. Int. 5p	54	+2				
110	F.P.	17/9	182	159	Int'europeTech. 20p	160	+1	u4.0	1.8	3.6	22.4
160	F.P.	6/8	60	48	Knight Cmptr Int 5p	48		bd1.6	2.0	4.8	15.8
137	F.P.	30/7	195	180	McCarthy & Stone	188	+3	b5.75	2.7	4.4	11.3
120	F.P.	27/8	171	153	Multitone Electric	170	+1	u2.52	3.4	2.3	17.3
‡‡	F.P.	24/9	178	170	Pactrol Electronics	173	+2	F3.3	—	2.9	—
—	F.P.	—	25	20	RIT & NorthernWar'ts	21					
‡‡	F.P.	—	38½	31	Rowe Evans Inv. 10p	31					
‡‡	F.P.	—	15	11	Sheraton Secs 10p	11					
‡‡	F.P.	—	44	37	Walker (Alfred) 10p	38		b0.76	6.3	2.6	7.1
—	F.P.	—	36	28	Yelverton Invs. 5p	29	+1				

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or -
‡‡	F.P.	—	60p	52p	Antofagasta 3.5% Pref. £1	55p	
99.528	£20	—	25½	21¼	Australia 13½% Ln. 2010	25½	+¼
100	F.P.	29/7	100¼	99	Cronite 14% Cnv. Uns. Ln. '92	97	
100	F.P.	—	100½	99¼	Nationwide Bdg. Soc. 11½% 15.8.83	100¼	
99.345	£25	—	31¼	24¼	New Zealand 14¼% 1987	31½	+¼
100	£25	9/9	28¼	25	Portsmouth Water 14% Red. Deb. '92	28½	+2
IRC1	F.P.	3/9	82	62	Smurfit (Jefferson) Pref. Units 2p	82	
100	£10	17/11	14¼	13¼	West Kent Water 8¾% Red. Pref. 87-89	14¼	+¼

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date		1982 High	1982 Low	Stock	Closing price p	+or-
180	Nil	18/8	22/10	50pm	44pm	Automated Security 10p	50pm	
100	Nil	—	—	40pm	27pm	Berkeley Exploration £1	28pm	-1
105	F.P.	6/8	17/9	122	117	Blundell-Permoglaze	118	
78	F.P.	2/8	17/9	84	80	Goal Pet. 5p	82	-2
25	F.P.	26/7	3/9	25½	22	Jenks & Cattell	23	
65	F.P.	30/7	20/8	81	75	Minster Assets	76	
78	Nil	—	—	100pm	92pm	Pactrol Electronics	98pm	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. F Dividends and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ◆ Unlisted Securities Market. ‡‡ London Listing. † Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. ⊕ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Allied-Lyons	120	+4	Johnson Cleaners	238	+10
Arlen Elect.	38	+13	Nu-Swift	39	+4
Barratt Dev.	315	+9	Racal Elect.	493	+23
Charter Cons.	190	+3	Restmor	98	+8
Coats Patons	57½	-3½	Royal Ins.	368	+18
Cons. Gold Fields	415	+12	Shell Trans.	390	+10

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
Royal Ins.	11	350	+10	Barclays Bk.	8	354xd	+10
Cadbury Schps.	10	102	+2	Bulmer (H. P.)	8	600	-25
Beecham	9	284	+4	Cons. Gd. Flds.	8	403	+6
BP	9	262	+2	Grand Met.	8	250xd	+6½
Distillers	9	184xd	-2	ICI	8	272xd	+3
Glaxo	9	750	+5	Lonrho	8	57xd	+2
Reed Intl.	9	278	+6	Unilever	8	605	+5

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Tues Aug 17 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Aug 16 Index No.	Fri Aug 13 Index No.	Thurs Aug 12 Index No.	Wed Aug 11 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (207)	[illegible]									
2 Building Materials (23)	[illegible]									
3 Contracting, Construction (28)	[illegible]									
4 Electricals (31)	[illegible]									
5 Engineering Contractors (11)	[illegible]									
6 Mechanical Engineering (67)	[illegible]									
8 Metals and Metal Forming (11)	[illegible]									
9 Motors (20)	[illegible]									
10 Other Industrial Materials (18)	[illegible]									
21 CONSUMER GROUP (202)	[illegible]									
22 Brewers and Distillers (22)	[illegible]									
25 Food Manufacturing (22)	[illegible]									
26 Food Retailing (14)	[illegible]									
27 Health and Household Products (9)	[illegible]									
29 Leisure (25)	[illegible]									
32 Newspapers, Publishing (13)	[illegible]									
33 Packaging and Paper (14)	[illegible]									
34 Stores (45)	[illegible]									
35 Textiles (23)	[illegible]									
36 Tobaccos (3)	[illegible]									
39 Other Consumer (14)	[illegible]									
41 OTHER GROUPS (76)	[illegible]									
42 Chemicals (15)	[illegible]									
44 Office Equipment (4)	[illegible]									
45 Shipping and Transport (13)	[illegible]									
46 Miscellaneous (44)	[illegible]									
49 INDUSTRIAL GROUP (487)	[illegible]									
51 Oils (13)	[illegible]									
59 500 SHARE INDEX	[illegible]									
61 FINANCIAL GROUP (117)	[illegible]									
62 Banks (6)	[illegible]									
63 Discount Houses (9)	[illegible]									
65 Insurance (Life) (9)	[illegible]									
66 Insurance (Composite) (10)	[illegible]									
67 Insurance Brokers (7)	[illegible]									
68 Merchant Banks (12)	[illegible]									
69 Property (49)	[illegible]									
70 Other Financial (15)	[illegible]									
71 Investment Trusts (111)	[illegible]									
81 Mining Finance (4)	[illegible]									
91 Overseas Traders (18)	[illegible]									
99 ALL-SHARE INDEX (750)	[illegible]									

FIXED INTEREST

PRICE INDICES	Tues Aug 17	Day's change %	Mon Aug 16	xd adj. today	xd adj. 1982 to date
British Government					
1 5 years	[illegible]				
2 5-15 years	[illegible]				
3 Over 15 years	[illegible]				
4 Irredeemables	[illegible]				
5 All stocks	[illegible]				
6 Debentures & Loans	[illegible]				
7 Preference	[illegible]				

AVERAGE GROSS REDEMPTION YIELDS	Tues Aug 17	Mon Aug 16	Year ago (approx.)
British Government			
1 Low Coupons 5 years	[illegible]		
2 15 years	[illegible]		
3 25 years	[illegible]		
4 Medium Coupons 5 years	[illegible]		
5 15 years	[illegible]		
6 25 years	[illegible]		
7 High Coupons 5 years	[illegible]		
8 15 years	[illegible]		
9 25 years	[illegible]		
10 Irredeemables	[illegible]		
11 Debs & Loans 5 years	[illegible]		
12 15 years	[illegible]		
13 25 years	[illegible]		
14 Preference	[illegible]		

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (155)

BRITISH FUNDS (61)
INT. BK. & O'SEAS GOVT. STLG. ISS. (4)
CORPORATION LOANS (15)
COM'WEALTH & AFRICAN LOANS (6)
LOANS (7)
FOREIGN BONDS (1)
BANKS (3)
BEERS (11)
BUILDINGS (6)
CHEMICALS (2)
DRAPERY & STORES (2)
ELECTRICALS (7)
ENGINEERING (2)
FOODS (1)
HOTELS (1)
INDUSTRIALS (11)
PAPER (2)
PROPERTY (2)
TOBACCOS (2)
TRUSTS (10)
OIL & GAS (1)
MINES (9)

NEW LOWS (45)

BANKS (5)
Algemene — Deutsche Bank
Bank of N.S.W. — Nat. Bank of Aust.
Commerzbank
BUILDINGS (2)
Dew (George) — Whittingham
CHEMICALS (1)
Hoechst
STORES (2)
Peters Stores — Raybeck
ELECTRICALS (3)
Newmark (Louis) — Ward & Goldstone
ENGINEERING (5)
Brotherhood (P.) — Wilgy
Wood (S. W.)
V.W.
FOODS (3)
F.M.C. — Pyke Hldgs.
Lennons Group
INDUSTRIALS (6)
Berwick Timpo — Jenks & Cattell
Francis Ind. — Schlumberger
Holt Lloyd Int. — Stanelco
INSURANCE (2)
Hambro Life — Taisho Marine
PAPER (1)
Melody Mills
PROPERTY (1)
Daon Dev.
SHOES (1)
Garnar Booth
TEXTILES (2)
Carrington Viyella — Coats Patons
TRUSTS (4)
Crescent Japan — Winterbottom
Drayton Warrants — Merc. Comm. Mkt.
OIL & GAS (2)
Edinburgh Secs. — Jebsens Drilling
Hunting Pet.
OVERSEAS TRADERS (1)
Great Northern
PLANTATIONS (1)
Castlefield
MINES (3)
Penarr Ret. — Supreme Corp.
Pahang

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 9	Aug 20	Nov 11	Nov 22
Aug 23	Sept 3	Nov 25	Dec 6
Sept 13	Sept 24	Dec 9	Dec 20

For rate indications see end of Share Information Service

Calls were arranged in Turner and Newall, Celtic Haven, KCA International, Steaua Romana, Chloride, UDS and Britannia Arrow. Puts were taken out in Charter Consolidated. BOC, Barclays Bank and Lloyds Bank, while doubles were transacted in TI, Steaua Romana and Wheelock Marden A.

Companies and Markets

CURRENCIES and MONEY

Dollar weakens

Dollar lost ground in late European trading after a fairly quiet morning. The U.S. currency declined as Eurodollar rates fell from firm opening levels following the change of opinion about future interest rate trends by Mr Henry Kaufmann of Salomon Brothers. Mr Kaufmann's predictions of lower long term bond yields led to a sharp, late move out of the dollar.

Sterling finished unchanged on balance, after rising by about ½ cent against the dollar, but losing to Continental currencies.

DOLLAR — Trade-weighted index (Bank of England) 122.2 against 122.6 on Monday, and 113.0 six months ago. Three-month Treasury bills 8.48 per cent (14.60 per cent six months ago). Annual inflation 7.1 per cent (6.7 per cent previous month) — The dollar fell to DM 2.5050 from DM 2.5170 against the D-mark; to FFr 6.9750 from FFr 7.0050 in terms of the French franc; and to SwFr 2.1450 from SwFr 2.1550 against the Swiss franc, but rose to Y264 from Y263.75 against the Japanese yen.

STERLING — Trade-weighted index 91.1 against 91.2 at noon, 91.0 in the morning, 91.1 at the previous close, and 91.7 six months ago. Three-month interbank 11 5/16 per cent (14¼ per cent six months ago). Annual inflation 8.7 per cent (9.2 per cent previous month) — Sterling rose 55 points against the dollar to close at $1.7080-1.7090. It opened at $1.6965-1.6975, and fell to a low of $1.6950-1.6960 in the morning. The decline of the U.S. currency in the afternoon pushed the pound to a peak of $1.7090-1.7100. Sterling fell to DM 4.28 from DM 4.29; to FFr 11.9150 from FFr 11.9275; and to SwFr 3.6650 from SwFr 3.6725; but rose to Y451.25 from Y449.25 against the yen.

DEUTSCHEMARK—EMS member (weakest). Trade-weighted index 124.7 against 124.4 on Monday, and 120.9 six months ago. Three-month interbank 9.15 per cent (10.275 per cent six months ago). Annual inflation 5.6 per cent (5.8 per cent previous month)—The Deutschemark was generally firm at the Frankfurt fixing, improving against the dollar and three members of the European Monetary System. The Bundesbank did not intervene when the dollar fell to DM 2.5185 from DM 2.5215 at the fixing, and was probably not active on the open market. Uncertainty about AEG-Telefunken, the large German electrical company, tended to underpin the dollar, but trading was generally erratic. Sterling rose to DM 4.2850 from DM 4.2830, and the Dutch guilder to DM 90.82 per 100 guilders from DM 90.795, but other EMS members were either unchanged or lower against the German currency.

FRENCH FRANC—EMS member (third strongest). Trade-weighted index 73.7 against 73.6 on Monday, and 79.5 six months ago. Three-month interbank 14 7/16 per cent (14 5/16 per cent six months ago). Annual inflation 11.9 per cent (13.5 per cent previous month)—The French franc gained ground against all its EMS partners at the Paris fixing, but weakened against the dollar and sterling. The U.S. currency rose to FFr 7.0160 from FFr 6.9610, and the pound to FFr 11.9160 from FFr 11.9100. The Deutschemark fell to FFr 2.7826 from FFr 2.7865; the Dutch guilder to FFr 2.5277 from FFr 2.5320; the Irish punt to FFr 9.5880 from FFr 9.5860; and the Italian lira to FFr 4.9890 per 1,000 lira from FFr 4.9935.

ITALIAN LIRA—EMS member (strongest). Trade-weighted index 53.7 against 53.6 on Monday, and 55.1 six months ago. Three-month interbank 19 13/16 per cent (21 7/16 per cent six months ago). Annual inflation 15.9 per cent (15.2 per cent previous month)—The lira showed small mixed changes at the Milan fixing, improving against the dollar and sterling, but easing against the Deutschemark and French franc. The dollar fell to L1,407.55 from L1,407.80, and the pound to L2,390.50 from L2,390.80. The Deutschemark rose to L558.49 from L557.83, and the French franc to L200.59 from L200.44.

THE POUND SPOT AND FORWARD

Aug 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.6950-1.7100	1.7080-1.7090	0.15-0.05c pm	0.70	0.07-0.17dis	-0.28
Canada	2.1090-2.1250	2.1160-2.1170	0.67-0.77c dis	-4.08	2.00-2.10dis	-3.87
Nethlnd.	4.69½-4.73½	4.70½-4.71½	1⅛-⅞c pm	2.87	2⅞-2⅝ pm	2.23
Belgium	81.60-82.20	81.80-81.90	10-20c dis	-2.20	43-53 dis	-2.34
Denmark	14.86-14.95	14.90-14.91	2⅜-3⅜ore dis	-2.51	9⅛-10⅞ dis	-2.68
Ireland	1.2400-1.2470	1.2415-1.2425	0.60-0.72p dis	-6.38	1.77-1.99dis	-6.05
W. Ger.	4.27-4.30	4.27½-4.28½	1⅛-⅞pf pm	2.45	2⅛-1⅞ pm	1.98
Portugal	147.00-148.25	147.75-148.25	100-275c dis	-15.20	240-740dis	-13.24
Spain	192.50-193.20	192.90-193.10	80-105c dis	-5.75	205-350 dis	-5.79
Italy	2386-2397	2388-2390	15½-17½ lire dis	-8.23	50-53 dis	-8.62
Norway	11.55-11.60	11.58½-11.59½	1⅛-2¼ore dis	-1.75	8⅛-10 dis	-3.23
France	11.89-11.94	11.91-11.92	3-4c dis	-3.52	15¼-16¼dis	-5.29
Sweden	10.52-10.58	10.54½-10.55½	4⅜-6⅛ore dis	-5.40	8⅞-9¾ dis	-3.53
Japan	448-453	450¾-451¾	1.60-1.40y pm	3.99	3.85-3.65 pm	3.32
Austria	30.00-30.20	30.10-30.15	9¼-6gro pm	3.04	20½-14 pm	2.27
Switz.	3.65-3.69	3.66-3.67	2⅞-2⅛c pm	8.59	6½-6 pm	6.82

Belgian rate is for convertible francs. Financial franc 86.60-86.70. Six-month forward dollar 0.93-1.03c dis 12-month 2.85-3.00c dis.

THE DOLLAR SPOT AND FORWARD

Aug 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6950-1.7100	1.7080-1.7090	0.15-0.05c pm	0.70	0.07-0.17dis	-0.28
Ireland†	1.3630-1.3740	1.3725-1.3740	0.85-0.75c pm	7.03	2.05-1.85 pm	5.71
Canada	1.2380-1.2480	1.2385-1.2395	0.53-0.56c dis	-5.28	1.12-1.16dis	-3.68
Nethlnd.	2.7560-2.7810	2.7580-2.7590	0.54-0.44c pm	2.12	1.76-1.66 pm	2.47
Belgium	47.90-48.25	47.90-47.92	10-12c dis	-2.75	22-27 dis	-2.04
Denmark	8.7100-8.7875	8.7100-8.7150	1½-1¾ore dis	-2.23	3.80-4.30dis	-1.85
W. Ger.	2.4990-2.5280	2.5045-2.5055	0.38-0.33pf pm	1.70	1.60-1.55 pm	2.51
Portugal	86.25-87.00	86.50-86.80	75-175c dis	-17.31	150-450dis	-13.85
Spain	112.90-113.50	112.90-113.00	65-75c dis	-7.42	185-210 dis	-6.97
Italy	1399-1406½	1399-1400	10-11 lire dis	-8.98	29-31 dis	-8.55
Norway	6.7810-6.8170	6.7810-6.7860	1.90-2.30ore dis	-3.71	5.20-5.60dis	-3.18
France	6.9700-7.0350	6.9725-6.9775	2.30-2.50c dis	-4.13	8.60-9.10dis	-5.07
Sweden	6.1910-6.2200	6.1910-6.1960	2.70-2.90ore dis	-5.42	4.50-4.70dis	-2.97
Japan	263.70-265.50	263.95-264.05	0.73-0.65y pm	3.14	2.25-2.15 pm	3.33
Austria	17.50-17.69½	17.51-17.52	4½-3¼gro pm	2.63	13½-10½ pm	2.72
Switz.	2.1420-2.1675	2.1445-2.1455	1.45-1.37c pm	7.83	3.85-3.77 pm	7.10

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 50.65-50.80.

CURRENCY MOVEMENTS

Aug. 17	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.1	—32.1
U.S. dollar	122.3	+13.6
Canadian dollar	89.5	—18.0
Austrian schilling	117.0	+25.9
Belgian franc	94.7	—2.4
Danish kroner	81.5	—14.8
Deutsche mark	124.5	+49.6
Swiss franc	144.0	+94.3
Guilder	116.1	+23.6
French franc	73.7	—20.3
Lira	53.7	—58.3
Yen	129.2	+23.1

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average)

CURRENCY RATES

August 17	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.635333	0.551283
U.S. $	10½	1.07673	0.936685
Canadian $	15.25	*	1.16789
Austria Sch.	6¾	19.0893	16.6262
Belgian F	13½	51.9415	45.1857
Danish Kr.	11	9.42406	8.22644
D mark	7½	2.71174	2.36279
Guilder	8	2.98846	2.60164
French F	9½	7.55434	6.57553
Lira	19	1515.50	1318.38
Yen	5½	285.549	248.456
Norwgn. Kr.	9	7.32984	6.38535
Spanish Pts.	8	121.996	106.145
Swedish Kr.	10	6.68319	5.81568
Swiss Fr.	5½	2.32649	2.02505
Greek Dr'ch	20½	76.5124	66.8138

* C$/SDR rate for August 16: 1.34646

OTHER CURRENCIES

Aug 17	£	$		£ Note Rates
Argentina Peso	39,757†	23,320†	Austria	30.00-30.50
Australia Dollar	1.7595-1.7615	1.0305-1.0310	Belgium	86-87
Brazil Cruzeiro	322.28-323.28	188.96-189.90	Denmark	14.88-15.00
Finland Markka	8.805-8.314	4.0895-4.8115	France	11.89-11.99
Greek Drachma	118.465-122.092	70.30-70.70	Germany	4.26½-4.30½
Hong Kong Dollar	10.45¼-10.46¾	6.1360-6.1410	Italy	2355-2405
Iran Rial	145.20*	85.50*	Japan	451-456
Kuwait Dinar (KD)	0.495-0.496	0.29088-0.2909	Netherlands	4.70¼-4.74¼
Luxembourg Fr.	81.80-81.90	47.90-47.92	Norway	11.53-11.63
Malaysia Dollar	4.0285-4.0335	2.3610-2.3640	Portugal	144-159
New Zealand Dlr.	2.3540-2.3590	1.3785-1.3800	Spain	186½-197½
Saudi Arab. Riyal	5.8605-5.8680	3.4395-3.4415	Sweden	10.52-10.62
Singapore Dollar	3.72-3.75	2.1825-2.1855	Switzerland	3.66-3.71
Sth. African Rand	1.9790-1.9830	1.1585-1.1600	United States	1.69-1.71
U.A.E. Dirham	6.2550-6.2630	3.6710-3.6730	Yugoslavia	101-105

† Rate shown for Argentina is commercial. Financial rate 66.333-66.433 against sterling, 38,950-39,000 against dollar. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.1857	+0.48	+0.25	±1.5501
Danish Krone	8.23400	8.22644	—0.09	—0.32	±1.6430
German D-Mark	2.33379	2.36279	+1.24	+1.01	±1.0888
French Franc	6.61387	6.57553	—0.58	—0.81	±1.3940
Dutch Guilder	2.57971	2.60164	+0.85	+0.62	±1.5004
Irish Punt	0.691011	0.686367	—0.67	—0.90	±1.6691
Italian Lira	1350.27	1318.38	—2.36	—2.36	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times

EXCHANGE CROSS RATES

Aug. 17	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.709	4.280	451.3	11.915	3.665	4.710	2389.	2.117	81.85
U.S. Dollar	0.585	1.	2.505	264.1	6.974	2.146	2.757	1398.	1.239	47.91
Deutschemark	0.234	0.399	1.	105.4	2.784	0.856	1.100	558.2	0.495	19.12
Japanese Yen 1,000	2.216	3.786	9.485	1000.	26.40	8.122	10.44	5294.	4.690	181.4
French Franc 10	0.839	1.434	3.592	378.7	10.	3.076	3.953	2005.	1.776	68.69
Swiss Franc	0.273	0.466	1.168	123.1	3.251	1.	1.285	651.8	0.577	22.33
Dutch Guilder	0.212	0.363	0.909	95.81	2.530	0.778	1.	507.2	0.499	17.38
Italian Lira 1,000	0.419	0.715	1.792	188.9	4.987	1.534	1.972	1000.	0.886	34.26
Canadian Dollar	0.472	0.807	2.022	213.2	5.630	1.732	2.225	1129.	1.	38.67
Belgian Franc 100	1.222	2.087	5.229	551.3	14.56	4.478	5.754	2919.	2.586	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 17)

3 months U.S. dollars		6 months U.S. dollars	
bid 11 1/4	offer 11 3/8	bid 12 5/16	offer 12 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 day's notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SDR linked deposits: one month 10⅝-10⅞ per cent; three months 10⅞-11 per cent; six months 11⅛-11⅜ per cent; one year 11⅛-12⅜ per cent. ECU linked deposits: one month 11⅝-11⅞ per cent; three months 11 13/16-12⅛ per cent; six months 12⅛-12⅜ per cent; one year 12⅛-12⅝ per cent. Asian $ (close rates in Singapore): one month 10⅛-10¼ per cent; three months 11⅛-11¼ per cent; six months 12⅛-12¼ per cent; one year 13-13⅛ per cent; five years 14¼-14¾ per cent. Long-term Eurodollar: two years 14¼-14⅝ per cent; three years 14⅝-14⅞ per cent; four years 14¾-15 per cent; five years 14⅞-15⅛ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Bank base rates cut to 11%

UK clearing bank base lending rate 11-11½ per cent

Interest rates continued to fall in the London money market yesterday, leading to the expected cut of ½ per cent to 11 per cent in clearing bank base rates during the late afternoon. Earlier in the day the Bank of England cut another ½ per cent off its bill dealing rates with the market.

A credit shortage of £350m was forecast by the authorities, and the total help provided was £333m, through purchases of £290m of bills before lunch, and £33m in the afternoon. The major factors influencing the market were: bills maturing in official hands, and a net market take-up of Treasury bills £152m, coupled with the unwinding of bill repurchase agreements of £185m. These were partly offset by Exchequer transactions which added £10m to liquidity.

In the morning the Bank of England bought £1m Treasury bills in band 1 (up to 14 days maturity) at 11½ per cent; £11m bank bills in band 1 at 11⅛-11½ per cent; £177m bank bills in band 2 (15-33 days) at 11-11⅛ per cent; £1m Treasury bills in band 3 (34-63 days) at 10⅞ per cent; £87m bank bills in band 3 at 10⅞ per cent; £1m Treasury bills in band 4 (64-91 days) at 10⅝ per cent; and £42m bank bills in band 4 (64-84 days) at 10⅝ per cent.

Further help was provided in the afternoon, when the authorities bought £3m bank bills in band 1 at 11⅛ per cent; £15m bank bills in band 2 at 11 per cent; £2m bank bills in band 3 at 10⅞ per cent; and £13m bank bills in band 4 at 10⅝ per cent.

In the interbank market overnight loans opened at 11⅛-11¼ per cent and touched a peak of 12-12½ per cent, but fell sharply to 5-8 per cent at the close.

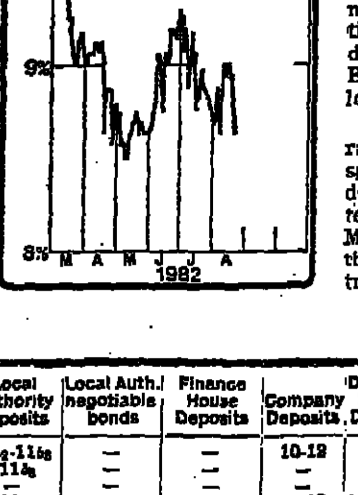
In Frankfurt call money remained on offer below the 9 per cent Lombard level. Period rates were little changed, but are now much lower than about a week ago, when three-month funds were quoted at 9.35 per cent, compared with the present level of 9.15 per cent. The lower trend reflects hopes that next week's Bundesbank central council meeting will result in a cut of ½ per cent in the Lombard rate.

EUROCURRENCIES

$ rates down

Eurodollar interest rates declined yesterday afternoon, after a fairly quiet morning as the market adjusted to the sharply lower levels set on Monday following the cut in the U.S. Federal Reserve discount rate. Yesterday's late fall resulted from the statement from Mr Henry Kaufmann of Salomon Brothers in New York, suggesting that lower U.S. interest rates can be expected. Eurosterling rates responded to the cut in Bank of England money market dealing rates in the morning, and continued to decline in the afternoon after Barclays Bank led the way to lower base lending rates.

Euro Deutsche Marks were rather firmer, however, despite speculation about lower German domestic rates, and this trend tended to reduce the Deutsche Mark's forward premium against the dollar in foreign exchange trading.



MONEY RATES

NEW YORK

Prime rate	14-14½
Fed funds (lunch-time)	9¾-10
Treasury bills (13-week)	8.48
Treasury bills (26-week)	8.60

GERMANY

Lombard	9.00
Overnight rate	8.95
One month	9.15
Three months	9.15
Six months	9.10

FRANCE

Intervention rate	14.5
Overnight rate	14.5
One month	14.4375
Three months	14.5625
Six months	14.5625

JAPAN

Discount rate	5.5
Call (unconditional)	7.28125
Bill discount (three-month)	7.34375

LONDON MONEY RATES

Aug. 17 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	5-12¼	11¼-11½	—	—	10-19	7-11¼	—	—	—
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ECGD Fixed Rate Sterling Export Finance. Scheme IV Average Reference Rate for interest period 19 July to 3 August 1982 (inclusive): 12.143 per cent. Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 14⅜ per cent; four years 12⅝ per cent; five years 12½ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four month bank bills 10⅝ per cent; four months trade bills 11⅛ per cent. Approximate selling rate for one month Treasury bills 10 15/16 per cent; two months 10⅝ per cent and three months 10½ per cent. Approximate selling rate for one month bank bills 10 15/16 per cent; two months 10¾ per cent and three months 10⅝ per cent; one month trade bills 11¾ per cent; two months 11½ per cent; three months 11⅜ per cent. Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from August 1, 1982. London and Scottish Clearing Bank Base Rates for lending 11-11½ per cent. London Clearing Bank Deposit Rates for sums at seven days notice 9 per cent. Treasury Bills: Average tender rates of discount 10.7110 per cent. Certificates of Tax Deposit (Series 5) 11 per cent from August 18. Deposits withdrawn for cash 9 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mgrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Anthony Wieler Unit Tst. Mgmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgrs. Ltd.(a)(c)

Arkwright Management

Barclays Unicorn Ltd.(a)(c)(g)

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)

Brown Shipley & Co. Ltd. (a)(g)

Buckmaster Management Co. Ltd.

Canada Life Unit Trust Mngrs. Ltd.

Cannon Fund Managers Ltd. (a)

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers(a)

Cent. Bd. of Fin. of Church of England

Charities Official Invest. Fund

Chieftain Trust Managers Ltd. (a) (g)

Clarinco Charities N/R Fund

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M. (a) (b) (c)

Fidelity International Management Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Prov. Trust Managers (a)(b)(c)

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a) (g)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.

HK Unit Trust Managers Ltd.

Investment Bank of Ireland (a)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Trust

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngemnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a) (g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a) (b) (c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (a) (g)

Rowan Unit Trust Mngt. (a)

Royal Life Fd. Mngmt. Ltd.

Royal London Unit Tst. Mgrs. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Widows' Fund Management

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Fund Management Ltd.

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)

Target Tst. Mngrs. Ltd. (a) (g)

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. Co. (y)

TSB Unit Trusts (b) (c) (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

NOTES

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd. (z)
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

Property Fund	229.4	241.5	+0.3	—
Equity Fund	49.9	52.6	+0.4	—
Property Acc.	268.7	282.9	+0.3	—
Equity Acc.	49.4	52.0	+0.3	—
Selective Fund	149.0	156.9	+0.6	—
Money Fund	168.9	177.8	+0.2	—
Convertible Fund	181.2	190.8	+0.5	—
Prop. Fd. Ser. 4	211.7	222.9	+0.3	—
Equity Ser. 4	55.6	58.6	+0.4	—
Man. Ser. 4	204.1	214.9	+0.9	—
Money Ser. 4	153.2	161.3	+0.3	—
Conv. Ser. 4	153.3	161.4	+0.2	—
Fixed Int. Fd. Ser. 4	128.1	134.9	+0.6	—
American Ser. 4	107.4	113.1	+0.3	—
High Inc. Ser. 4	114.9	121.0	−0.1	—
Indexed Inv. Series 4	99.0	104.3		—
Pension Property	321.5	338.3	+0.5	—
Pension Equity	290.7	306.0	+2.6	—
Pension Selective	150.9	158.9	+0.8	—
Pension Managed	305.2	321.3	+1.6	—
Pension Security	226.8	238.8	+0.5	—
Pension Fixed Int.	124.8	131.4	+0.5	—
Pension Indexed Inv.	99.4	104.7	.....	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	316.1	332.7	−0.3	—
Fixed Int. Acc.	209.5	220.5	+3.3	—
Gtd. Money Fd. Ac.	157.8	166.1	.....	—
Intl. Man. Fd. Acm.	135.0	142.1	+1.4	—
Intl. Fxd. Inv. Fd.	113.5	119.4	+0.8	—
Prop. Fd. Acc.	159.8	168.2	.....	—
M'ple Inv. Acc.	249.3	262.3	+1.4	—
Equity Pen.Fd.Acc	433.2	456.0	−0.6	—
Fixed I.Pen.Acc.	346.6	364.8	+7.7	—
G'td.Mon.Pen.Acc.	220.5	232.1	+0.1	—
Intl.Mn.PnFdAcc.	156.3	164.5	+1.6	—
Prop.Pen.Acc.	211.8	222.9	+0.1	—
M'ple Inv.Pen.Acc.	363.7	382.8	+2.5	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	194.5	205.0	.....	—
Money Fd.	145.2	152.9	.....	—
Equity Fd.	147.6	155.5	.....	—
Fixed Int. Fd.	100.2	105.6	.....	—
Property Fd.	155.7	164.1	.....	—
Managed Pen. Fd.	182.4	192.2	+1.9	—
Equity Pension Fd.	97.2	102.4	−2.4	—
Fixed Int. Pens. Fd.	135.8	143.1	+4.5	—
High Yield Pens. Fd.	134.9	142.1	+4.2	—
Money Pension Fd.	114.9	120.9	+0.2	—
Property Pension Fd.	114.7	120.7	.....	—
AMEV/Framlington				
American & Gen. Fd.	134.0	141.2	+0.6	—
Income Fd.	135.8	143.1	.....	—
Intl. Growth Fd.	142.4	150.1	+0.6	—
Capital Fund	142.4	150.0	+1.2	—
Recovery Fund	94.0	99.1	.....	—

Barclays Life Assur. Co. Ltd.
252 Romford Rd., E7. 01-534 5544

Barclaybonds	174.8	184.0	+0.5	—
Equity	169.8	178.8	+0.8	—
Gilt-edged	145.3	153.0	+0.7	—
International	98.6	103.8	.....	—
Managed	150.4	158.4	+0.5	—
Money	136.4	143.6	.....	—
Property	178.9	188.4	.....	—
Man.Pens.Accum.	180.0	189.5	+2.4	—
Do. Initial	154.5	162.7	+1.9	—
Gilt EdgPens.Acc.	177.9	187.3	+6.9	—
Do. Initial	147.9	155.7	+5.1	—
Money Pens. Acc.	166.3	175.1	+0.4	—

Crown Life—Continued

St. George Mangd. Fd.	110.9	116.7	.....	—
Lincs & Gen.Fd.	116.8	122.9	.....	—
Sage Fd.	86.1	90.6	.....	—
Heritage Fd.	101.3	106.6	.....	—
DBS Managed	106.4	111.9	.....	—
Crown. Brit. Inv. A		217.2	.....	—
Pens. Mixed. Fd.	151.1	156.5	.....	—
Pens. Mang'd. Acc.	112.5	118.4	.....	—
Pens. Mang'd. Init.	108.1	113.7	.....	—
Pens. Equity Acc.	98.9	104.1	.....	—
Pens. Equity Init.	94.7	99.6	.....	—
Pens. Fxd. Int. Acc.	115.0	121.0	.....	—
Pens. Fxd. Int. Init.	110.3	116.1	.....	—
Pens. Money Acc.	110.8	116.6	.....	—
Pens. Money Init.	106.2	114.4	.....	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq, EC3N 4DJ 488 2323

Growth Prop Aug 3	108.7	114.1	.....	—
Managed Pens Jul 14	122.6	116.47	.....	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	79.9	82.9	+0.7	6.15

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	188.7	198.6	+1.2	—
Higher Inc. Fund	126.1	132.7	+0.8	—
Property Fund	195.6	203.7	+0.2	—
Fixed Interest Fund	154.3	162.4	+0.8	—
Index Linked Secs Fnd.	95.5	100.5	−0.1	—
Gtd. Deposit Fund	136.9	144.1	+0.2	—
Nth. America Fund	101.9	107.2	+0.8	—
Far East Fund	77.0	81.0	−1.3	—
International Fund	93.3	98.2	−0.9	—
Mixed Fund	171.2	180.2	+0.6	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	188.1	197.9	.....	—
Ind. Pen. Property	147.2	154.9	.....	—
Ind. Pen. Fixed Int.	144.9	152.5	.....	—
Ind. Pen. Indx Lk. Scs.	104.0	109.4	.....	—
Ind. Pen. Overseas	141.1	148.5	.....	—
Ind. Pen. Cash	138.2	154.5	.....	—
Ind. Pen. Balanced	154.9	163.0	.....	—
Ind. Pen. Dep. Admin.	138.5	145.7	.....	—

Prices at Aug 12. Next settlement Sept. 9.
Group Pension Funds—Prices Available On Request.

Family Assurance Society
58, East Street, Horsham. 0403 50255

Family A. Managed	168.2	171.7	.....	—
Family B. Managed	93.3	95.2	.....	—
Family C. Brit.	72.9	74.4	.....	—
Family D. Fixed Int.	114.5	116.9	.....	—
Family Capital Mngd.	90.6	92.4	.....	—
Family Brit. II	56.3	57.5	.....	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund.	98.2	103.4	−0.5	—
GT Pln High Yld Fnd.	91.7	96.6	+0.9	—
GT Plan Far East Fnd	77.2	81.3	−0.5	—
GT Pln N Am Fund	87.0	91.6	+0.6	—
GT Pln UK&G.E. Fnd	97.7	102.9	+0.8	—
GT Pln Wrldwde Fnd.	80.3	84.6	−0.3	—
GT Pension Bnd Fnd.	98.3	103.5	−1.5	—
GT Pen High Yld Fd.	96.9	102.0	+1.1	—
GT Pen Far East Fd.	78.1	82.3	−0.8	—
GT Pen N. Am. Fd.	89.1	93.8	+0.6	—
GT Pen UK & G.E. Fd.	103.3	108.8	+0.9	—
GT Pen Worldwide Fd.	80.6	84.9	−0.4	—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	141.7	149.2	.....	—

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$9.33		−0.12	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	34.1	35.5	.....	6.60
Chinese Fund	64.7	67.6	.....	4.31
Precious Metal Fund.	141.9	147.5	.....	8.30
Vanguard Cmdy. Fd.	39.9	41.0	.....	2.26
Financial Futures Fd.	100.9	105.1	.....	—
Wren Intl. Fnd *	$0.778	0.810	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

1982 High	Low	Stock	Price £	+ or −	Int.	Red.
70½	57¾	Agric. Mt. 5pc '59-89	70½	+½	7.15	11.48
32½	24¾	Met. Wtr. 3pc 'B'	32½xd	+½	9.14	11.69

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
282	195	ANZ $A1	195	......	Q28c	3.3	8.2	3.7
270	205	Alexanders D. £1	255	+3	18.5	—	10.4	—
£63½	£55	Algemene Fl.100	£55xd	−2	vQ26%	1.8	9.8	5.6
100	75	Allied Irish	90	......	Q45.3%	4.0	10.3	3.1
•16¾	10¼	Ansbacher (H.)5p	11¾	......	0.35	—	4.3	—
260	200	Bk. Ireland £1	260	+10	‡Q9.4%	—	9.3	—
3½	2	Bk. Leumi $0.1	2	......	hQ8%	—	0.9	—

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued.

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأهل

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or -	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	100	......	Q25c	10.3	12.4
33	19	Wankie Col. Z$1	21	-1	Q5c	1.2	7.7
21	12	Zam.Cpr.SBD0.24	13	......	—	—	—

Australian

1982 High	Low	Stock	Price	+ or -	Div. Net	C'vr	Y'ld Gr's
23	10	AGM 20c	14	$-\frac{1}{2}$	—	—	—
7	$1\frac{1}{2}$	Argosy Gold NL 25c	$2\frac{1}{2}$	......	—	—	—
151	54	Bond Corp.	55	+1	gQ10c	2.3	11.2
82	58	Bougainville I Kina	73	-2	Q6.72c	1.2	5.3
192	147	CRA 50c	183	-1	Q5c	—	1.6
16	10	Carr Boyd 20c	14	-1	—	—	—
56	22	Central Pacific	26	......	—	—	—
380	152	Crusader Oil	235		—	—	—
26	10	Cultus Pacific N.L.	$10\frac{1}{2}$	......	—	—	—
27	14	Eagle Corp. 10c	$14\frac{1}{2}$	$+\frac{1}{2}$	—	—	—
23	$8\frac{1}{2}$	Endeavour 20c	$8\frac{1}{2}$	......	—	—	—
368	150	G. M. Kalgoorlie 25c	205	+5	Q32½c	0.9	9.2

Tins

Miscellaneous

1982 High	Low	Stock	Price	+ or -	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	28	-1	—	—	—
$16\frac{1}{2}$	12	Burma Mines 10p	12	......	0.55	1.0	6.5
130	27	Colby Res. Corp.	35	-7	—	—	—
292	170	Cons. Murch. 10c	230	....	‡Q60c	1.9	‡
3	2	‡‡Explaura Gold	2		—	—	—
105	55	Highwood Res.	75	+5	—	—	—
255	160	Northgate C$1	165		—	—	—
468	344	R.T.Z.	418	+5	16.0	2.1	5.5
£100½	£84	Do. 9¾pcCnv.Ln. '95-2000	£99	......	Q9½%	30.0	9.7
20	11	Sabina Inds. C$1	12	...	—	—	—
44	27	‡Southwest C. 10p	34		—	—	—
500	270	Tara Expln. $1	325	+30	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ǁ No par value
- ♥ Rate applicable to non-Zimbabwean residents.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

OPTIONS

3-month Call Rates

Boots	19	"Lofs"	6½	MEPC	20
Bowaters	24	London Brick	7	Peachey	14
Brit. Aerospace	17	Lucas Inds	20	Samuel Props.	11
B.A.T.	38	"Mams"	[illegible]	Town & City	3½
Brown (J.)	7	Mks. & Spncr.	12	**Oils**	
Burton Ord.	15	Midland Bank	30		
Cadburys	9	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	35	Burmah Oil	10
Debenhams	7	P & O Dfd.	14	Charterhall	6
Distillers	15	Plessey	32	KCA	14
Dunlop	6½	Racal Elect.	[illegible]	Premier	6
Eagle Star	32	R.H.M.	6½	Shell	30
F.N.F.C.	4	Rank Org. Ord.	[illegible]	Tricentrol	22
Gen. Accident	22	Reed Intnl.	26	Ultramar	38
Gen. Electric	65	Sears	6	**Mines**	
Glaxo	42	T.I.	13		
Grand Met.	17	Tesco	5½		
G.U.S. 'A'	45	Thorn EMI	42	Charter Cons.	25
Guardian	25	Trust Houses	11	Cons. Gold	65
G.K.N.	15	Turner & Newall	11	Lonrho	7
Hawker Sidd.	30	Unilever	55	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 23

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Wednesday August 18 1982

Sino-U.S. accord on Taiwan arms

BY TONY WALKER IN HONG KONG AND REGINALD DALE IN WASHINGTON

CHINA and the U.S. have reached an uneasy compromise over continued arms sales to Taiwan. The agreement narrowly averts a major crisis between them but does not resolve the basic issue.

In a joint communique released yesterday in Peking and Washington after months of intensive negotiations, the two sides agreed to bury their differences for the time being. But China warned that the issue had not been finally resolved.

The U.S. said it did not seek to "carry out a long-term policy of arms sales to Taiwan." However, it did not agree to Chinese demands for a firm cut-off date for sales.

Instead, the U.S. side undertook that its arms sales to Taiwan would not "exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years . . . and that it intends gradually to reduce its sale of arms to Taiwan, leading over a period of time to a final resolution."

In Washington, senior U.S. officials said arms supplies would not end until there was a peaceful resolution of the China-Taiwan problem, and that there would be a gradual reduction only if the Chinese continued their peaceful approach.

The timing of the announcement came as a surprise in Washington, where President Ronald Reagan is in the final stages of a determined attempt to crush a right-wing rebellion against his $100bn (£58bn) tax Bill.

There was speculation that right-wing anger over the Taiwan agreement could damage the Bill's prospects in crucial congressional votes later this week.

Mr Reagan moved speedily to counter the inevitable outcry. The agreement did not mean that the U.S. was abandoning Taiwan, which would continue to get defensive weapons it needed in accordance with the 1979 Taiwan Relations Act, he said.

Under the Act, the U.S. is bound to sell arms to Taiwan on the basis of its needs, not taking into account other considerations.

China has in the past angrily denounced the Act as contrary to the spirit and substance of the Shanghai communique of 1972, which opened the way for the normalisation of Sino-U.S. relations, and the 1979 agreement on normalisation.

In an attempt to mollify both Taiwan and its vociferous American supporters, the Administration was expected quickly to notify Congress of its plans for the continued supply of Northrop F-5E fighters, and the extension of the joint U.S.-Taiwan production line that builds them—a policy decision first announced in January.

The official New China News Agency last night published details of a commentary to be carried today by the People's Daily, the Communist Party newspaper. It warned that, although the communique had broken the stalemate affecting Sino-U.S. relations, the issue had not been completely settled.

A Chinese Foreign Ministry spokesman also made clear that Peking maintained its strong objections to the Taiwan Relations Act.

Taiwan yesterday expressed "profound regret" over the communique, calling it a "serious mistake," AP reports from Taipei.

The Taiwan Government, in an official statement, said: "The supply of adequate defensive weapons is an established arms sales policy of the U.S., formulated by and executed within the stipulations of the Taiwan Relations Act.

Taiwan industry woos the West, Page 12
Curbs eased on Japanese imports, Page 6

Overhaul to follow Howden Group audit

By John Moore, City Correspondent

THE WORLD'S second largest insurance broker Alexander and Alexander Services Inc. of the U.S., is to overhaul the financial controls within its controversial UK subsidiary, Alexander Howden Group.

The move follows the instigation of a wide-ranging audit of Alexander Howden, one of the UK's largest insurance brokers, with extensive Lloyd's of London interests.

The auditors, Deloitte Haskins and Sells have discovered that Howden's Sphere Drake insurance company and the Trent Insurance Company of Bermuda need a further injection of cash into their reserves to meet insurance claims.

In a statement issued yesterday, Alexander & Alexander said adjustments will be necessary following the auditors review which "will increase both assets and liabilities of certain insurance company subsidiaries," although overall there would be no "significant" effect on the net assets of the Howden group.

In New York yesterday, Mr John Bogardus, chairman of Alexander & Alexander, said that reinsurance transactions and practices at Howden had been examined. "We think that there should be some improvement in Howden's financial reporting," he said.

Mr Bogardus said the auditors had not yet completed their review.

"They have largely concentrated on the UK and Bermuda insurance company operations. We will be looking at the smaller subsidiaries within Howden and its operations in places such as Australia and South Africa."

Howden, which was bought by Alexander & Alexander for £150m earlier this year, has more than 200 subsidiaries scattered worldwide.

Its insurance companies provide extensive reinsurance arrangements for the largest Lloyd's of London underwriting syndicate, which is also under the management of Alexander Howden.

The underwriting syndicate has also arranged reinsurance protection with a Panamanian company. In the past few weeks the syndicate has recovered over $5m in reinsurance claims from the Panamanian company. It is not known whether the Panamanian company forms part of the Alexander Howden Group.

As it made public the preliminary findings of its audit review Alexander & Alexander also announced its second quarter results for 1982.

It reported net income of $12.5m (£7.3m) compared with $12.8m in the comparable period a year ago on operating revenues of $143.3m ($103.8m).

THE LEX COLUMN

Bond prices reach for the sky

The gilt-edged market remains highly excitable, with two-point gains in long bonds yesterday as a result of severe stock shortage, exacerbated by such news as an over-discounted cut in base rates and a well-known U.S. stockbroker changing his mind. The Bank of England may well start putting the brakes on soon, but the downward trend in interest rates still looks secure. Some of the fever spread to equities, which may give a welcome last-minute boost to the Mercantile House offer for sale.

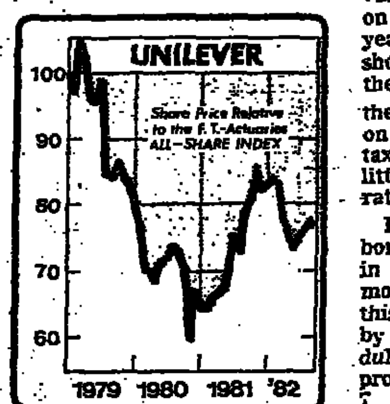
Even BP's shares joined in the rally yesterday, rising 4p to 266p at which price they yield 11 per cent. Like many who subscribed to recent issues of the stock at somewhat fatter prices, the Government must be taking a great interest in the share price action—not just because it has a large direct investment, but because the sick BP price creates a lousy background for the sale of Britoil.

To some extent the share price may reflect doubts about BP's dividend. But although the present level of distribution is manifestly burdensome, a cut so soon after the £600m rights issue would be utterly astonishing. In any case BP can see through the present trough to higher upstream earnings in 1984.

All the same, a circular from brokers Rowe & Pitman suggesting a much higher dividend in 1983 seems to be going a little far. But then the circular assumes that BP's share of Sohio's earnings is available to pay out to shareholders—while the central fact of BP's corporate life is that the cash flow from Sohio consists solely of its dividend. R & P also pooh-pooh the idea that CCA earnings, with or without Sohio, should cover the payout; such things are of little relevance "except to accountants"—as though BP employed none.

The most pressing problem for BP shares may be not the dividend, but the threat of a further North Sea oil price cut, which would queer the pitch for Britoil even more. Institutions are going to have to be very wary of arm-twisting brokers and smooth merchant bankers with the job of stopping the Britoil flotation from degenerating into a grown-up version of Hadson Petroleum.

Index rose 12.4 to 558.2



Alex. Howden

The lame statement from Alexander and Alexander, the world's second largest insurance broker, on the progress of its audit review into the newly acquired UK subsidiary Alexander Howden raises more questions than answers. On a preliminary basis "adjustments" will be required which will increase both assets and liabilities of insurance company subsidiaries. Fortunately, according to the Americans, the assets have gone up in line with the liabilities so there will be no significant effect on the net assets of the Howden group.

All the same, the review has shown that Howden insurance companies are yet again under-reserved. A & A does not say by how much, nor does it provide any information to help shareholders assess the scale of the problem; it simply admits that financial controls within Howden need tightening.

Insurance broking is a goodwill business, and Howden already had considerable problems with its image before the acquisition. Unless A & A comes cleaner about Howden's affairs it may find the image problems transferred to its own activities.

Unilever

Unilever has produced a set of interim figures which, even by its own standards, is remarkably anodyne. Profits in the three months to June have slipped just over 2 per cent to £205.3m pre-tax and the movement over the half-year is smaller still. The volume growth in developing markets, which helped to make 1981 an annus mirabilis, has now evaporated.

Those markets will also hold the key to progress in the second half. Nigeria, which accounts three months in arrears, will begin to show the effects of import restrictions from Unilever's third quarter onwards, while the Asian and Latin American businesses are vulnerable to a further squeeze on disposable incomes. Last year, however, the second half showed some deterioration so the group sh sdluotill the group should still improve on the 1981 figure of £709m pre-tax by about £20m—assuming little net movement in exchange rates.

In Europe, the second quarter bore an increase of perhaps £6m in reorganisation costs, relating mostly to the Erith oil mill, but this was at least partially offset by better ice-cream sales. So the dull performance—operating profits were down by maybe 7 per cent—reflects the familiar pull between improving efficiency in the industrial divisions and down-trading in consumer products.

Consumer demand may now be levelling out in the developed markets but margins are being undermined by the need to defend brands with heavy promotional spending. In the U.S., for example, Lever Brothers is supporting the launch of Sunlight washing-up liquid while trying to repel incursions in the toothpaste market. The shares recovered 10p after hours to finish unchanged on the day at 605p, giving a likely yield of about 6½ per cent.

Taylor Woodrow

Taylor Woodrow has a lower depreciation charge to thank for almost all the improvement in its interim profits but, after five years of virtual stagnation, that looked good enough and the shares rose 10p to 535p. The 15.3 per cent advance to £9.6m pre-tax in the six months to June suggests that the group could make £30m for the full year.

In common with other contractors, Taylor Woodrow has been able to generate cash by cutting back on plant purchases and margins have been helped by the slow inflation of internal costs. But the order intake is still very slow and new business is almost certainly being received on finer terms.

Yesterday's statement was devoted to a discussion of the inadequacies of CCA accounts and of the need for more balance between interim and final dividends. Following the group's decision to leave the CBI, because of the body's unrepresentative pessimism, a few optimistic words might have been in order.

Duncan field development to go ahead

By Ray Dafter, Energy Editor

A NORTH SEA drilling consortium, led by Hamilton Brothers of the U.S., is expected to press ahead with the development of the Duncan oil field next year.

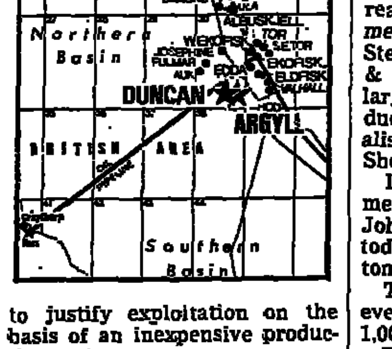
The surprise move follows tests on the latest well drilled in the field. Duncan was discovered only 19 months ago but, as a result of a prolonged production test, it has already yielded 900,000 barrels of oil—crude worth a total of $30m (£17.6m) at current prices.

The latest well, the 19th to be drilled on block 30/24, almost 200 miles south-east of Aberdeen, produced high quality oil at a rate of 8,100 barrels a day.

The well was just over a mile from the original discovery indicating, according to stockbrokers Gilbert Eliott, that recoverable reserves might be nearly 30m barrels.

Such reserves are small by the standards of the North Sea where for example BP's Forties Field has recoverable reserves estimated at 2bn barrels.

Hamilton Brothers and its partners, however, may be able



to justify exploitation on the basis of an inexpensive production system.

Hamilton Brothers also announced that it had drilled a successful gas well on block 43/13a in the southern sector of the North Sea. The well was drilled close to a discovery well sunk in November last year.

It is thought that the latest well, sunk about 90 miles north-east of Grimsby, has confirmed the presence of a potentially-commercial gas field. Tests on the initial discovery well produced a flow of 38m cubic feet a day.

It is understood that British Gas Corporation has already told the Hamilton consortium that it would be keen to buy gas from block 43/13a.

Participants in the Duncan Field in block 30/24 are: Hamilton Brothers Petroleum (12 per cent), Hamilton Oil (24 per cent), Texaco North Sea (24 per cent), RTZ Oil and Gas (25 per cent), Blackfriars Oil (12.5 per cent), and Trans-European (2.5 per cent).

Interests in the gas discovery in block 43/13a are: Hamilton Brothers Petroleum (12 per cent), Hamilton Oil (48 per cent), RTZ Oil and Gas (25 per cent), Blackfriars Oil (12.5 per cent), and Trans-European (2.5 per cent).

Petrol may rise to 180p by weekend as price truce holds

BY RICHARD JOHNS

OIL COMPANIES hope to raise petrol prices again soon, perhaps by the weekend, to about 180p a gallon for four-star petrol—the level they reckon will give a reasonable return on refining and marketing operations.

Their optimism about being able to maintain a higher price arises from the fact that there has been only marginal price-cutting below the 172-173p-a gallon price set by the industry eight days ago.

In particular, Conoco, which triggered off the last bout of price cutting the pumps late in June, appears anxious to maintain the tacit truce reached early last week.

The cost of the struggle was reflected in the losses suffered by Mobil in the first half of this year. Yesterday the company said it lost £70m on its UK refining and marketing operations over the six-months.

Conoco remains something of a joker in the pack and still the object of some suspicion among competitors. The company is reluctant to lose its image as the most aggressive operator in the market and says it is keeping its competitive edge.

Yesterday the company said it did not know the average price being charged at its stations, which number more than 1,000. But one rival claimed Conoco was maintaining prices at ½p less than competitors rather than the minimum 1p pledged in June.

The other companies appear satisfied that they can live with a ½p-a-gallon differential.

One of Conoco's senior marketing managers said yesterday: "Keep your fingers crossed. We may all make a little money which will please everyone."

Last week Conoco acknowledged that its Jet sales had increased as a result of the costly cut-price campaign earlier in the year.

Shell reported that the petrol price was generally sticking, though there was "a little bit of shading" in some areas, particularly Essex, where one small chain was said to be charging 169p.

British Petroleum said it had been able to maintain a price of 172-173p at the majority of its retail outlets and that it was monitoring the market on a day-to-day basis.

Esso said: "It seems to be holding." The company said one week was a significant period in the context of the past six months. If anything, prices were rather more than the level for premium petrol the companies set out last week to maintain as a minimum, it added.

Cuts agreed in Sheffield steel forging capacity

BY RAY MAUGHAN

FINAL AGREEMENT has been reached between the Department of Industry, the British Steel Corporation and Johnson & Firth Brown, one of the largest independent steel producers, for extensive rationalisation of forging capacity in Sheffield.

It is expected that the agreement will be ratified by the Johnson & Firth Brown board today and full details announced tomorrow.

The moves are believed likely eventually to result in just over 1,000 job losses in phased stages.

The Iron and Steel Trades Confederation, the largest steel union, had said it feared that up to 2,000 jobs would vanish.

The scheme embraces BSC's River Don forging facilities in Sheffield and JFB's principal special steels and alloys subsidiary, Firth Brown.

The Firth Brown plant at the Atlas Works, Sheffield, accounts for about a third of the group's total assets, and includes the GFM heavy forging machine.

Final details of the plan are not yet known and the future of Firth Brown's Parkhead Forge in Glasgow is still uncertain.

But it is believed that rationalisation will leave JFB with extensive capacity in the high-margin, specialist alloy section of the steel industry.

It will retain the Firth Derrihon Stampings business at Tinsley, Sheffield, where it produces forgings in alloy steels, nickel base and alloy steels.

The financial implications of this round of steel industry contraction have not been spelt out although the arrangement is expected to entail a commitment of up to £50m by the Government and the two steel concerns.

It is understood that JFB's debts, £57m at the end of March, will be reduced substantially, perhaps as much as 50 per cent.

After a near £4m loss before taxation in the first six months, JFB is expected to break even.

Continued from Page 1

Base rates

rates would continue, albeit with possibly dramatic interruptions.

The Federal funds rate, which was trading yesterday at just under 10 per cent, could fall to a low of 6 per cent to 7 per cent, he said.

In the early months of this year, Dr Kaufman repeatedly forecast that bond yields were likely to return to their high points of 1981 some time in the second half of this year. The main reason for his change of heart is the view that a smart business recovery in the rest of 1982—which would have imposed fresh burdens on the credit markets—is now much less likely to materialise than a few months ago.

Dr Kaufman said yesterday that much of the U.S. economy was in a strait-jacket imposed by financial blockage and tough international competition.

The structure of corporate finances had become extremely fragile, he said, and the refurbishing of balance-sheets and profitability had become an overriding priority of corporate management. As a result, businesses were cutting stocks and capital outlay.

Dr Kaufman said major financial institutions were in no position to sustain the aggressive lending and investing strategy that would be necessary to propel the economy ahead.

Dr Kaufman warned, however, that the fall in interest rates could be interrupted by concern about the U.S. Budget deficit, or by more restrictive tactics from the Federal Reserve Board.

Andrew Taylor writes: The cut in bank base rates will not mean cheaper home-loans. Building societies had already ruled out the possibility of a further reduction in the mortgage rate in advance of yesterday's moves by the clearing banks.

Continued from Page 1

Mexico drawing rights

Bankers in Mexico City expect that, as part of the IMF sector borrowers will have to renegotiate at least part of the $60bn of foreign debt. The Mexican private sector, paralysed by the exchange control moves is already discussing rescheduling a significant part of its $20bn of foreign debt.

● Telefonos de Mexico is withdrawing a $50m, 15½-per-cent bond it was arranging in the Eurobond market through Credit Suisse First Boston and Merrill Lynch, Peter Montagnon writes.

Telefonos, the state telephone company, was due to receive the funds today. Investors will receive their money back in full.

Banco Nacional de Mexico said it was discussing the future of the $150m Eurocredit it was arranging for Mexico with participating banks. The full amount is virtually committed but it remains uncertain whether the borrowing will go ahead.

Weather

UK TODAY

CLOUDY with rain, heavy at times. Becoming brighter and showery. Cool.

S. and S.E. England
Cloudy, occasional rain, becoming heavy. Clearer later. Max 19C (66F).

Rest of the country
Cloudy, occasional rain, perhaps heavy. Becoming brighter but showery. Max 18C (64F).

Outlook: Changeable. Cool. Windy.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	27	81	L. Pims.	S	25	77
Algiers	S	33	91	Lisbon	S	27	81
Amsdm.	F	18	64	Locarno	F	23	73
Athens	S	32	90	London	C	19	66
Bahrain	S	36	97	L. Ang.†	C	17	63
Barclna.	C	27	81	Luxmbg.	C	17	63
Beirut	—	—	—	Luxor	S	38	100
Belfast	C	15	59	Madrid	C	31	88
Belgrd.	S	28	82	Majorca	S	28	82
Berlin	C	22	72	Malaga	S	32	90
Biarritz	C	22	72	Malta	S	27	81
Bmghm.	C	17	63	M'chstr.	C	16	61
Blackp'l	C	16	61	Melbne.	C	13	55
Bordx.	C	17	63	Miami†	T	26	79
Boulgn.	C	18	64	Milan	S	21	70
Bristol	C	18	64	Moscow	C	19	66
Brussels	F	21	70	Munich	C	17	63
Budpst.	S	28	82	Nairobi	C	20	68
Cairo	—	—	—	Naples	F	29	84
Cardiff	C	17	63	Nwcstl.	C	16	61
Casbca.	F	27	81	Nice	S	27	81
Cape T.	F	17	63	Nicosia	S	32	90
Chica.†	C	28	82	Oporto	S	21	70
Cologne	C	21	70	Oslo	F	17	63
Conhgn.	C	21	70	Paris	C	19	66
Corfu	S	31	88	Perth	—	—	—
Denver†	S	18	64	Prague	C	18	64
Dublin	C	16	61	Rykjvk.	C	13	55
Dbrvnk.	S	29	84	Rhodes	S	27	81
Edinbgh.	C	15	59	Rome	S	29	84
Faro	S	28	84	Salzb'rg	C	20	68
Florence	C	—	—	Singapr.	C	28	82
Frankft.	C	22	72	Stckhm.	C	18	64
Funchal	C	21	70	Strasb'g	C	22	72
Geneva	C	23	73	Sydney	F	15	59
Gibrltr.	S	30	86	Tangier	S	34	93
Glasg'w	F	14	57	Tel Aviv	S	30	86
G'nsey	F	17	63	Tenerife	S	24	75
Helsinki	F	17	63	Tokyo	C	29	84
H. Kong	R	26	79	Toronto†	S	17	63
Innsbr'k	C	20	68	Tunis	F	28	82
Invrnss.	C	16	61	Valencia	F	29	84
I.o.Man	C	16	61	Venice	S	26	79
Istanbul	S	28	82	Vienna	F	17	63
Jersey	F	19	66	Warsaw	C	24	75
Jo'burg	S	19	66	Zurich	C	19	66

C—Cloudy F—Fair R—Rain S—Sunny T—Thunder † Noon GMT temperatures

Why Italian hunters may not get the bird

BY RUPERT CORNWELL IN ROME

ITALY'S larks, linnets and finches may venture from their nests this morning free, in theory at least, from the fear of falling prey to the 300,000 huntsmen expected on the opening day of the Italian hunting season.

Their slaughter in past years has roused protests, mainly from foreign nature lovers. This year the Government responded to pressure from the World Wildlife Fund and other organisations and declared 13 species of these tiny songbirds to be fair game no longer.

Blackbirds and thrushes, however, are still listed among the migratory game which are legitimate targets for the sportsmen out on Italy's "Glorious Eighteenth."

Today is only the curtain-raiser for the season proper. It starts in earnest in the middle of next month with hunting for the so-called resident game — pheasants, partridges, hares and the like.

Italy's huntsmen have long been the object of criticism for their indiscriminate ways. It has often been said that there are more practising shots than there are head of eligible game left on Italian soil for them to shoot at.

More than 850,000 sportsmen are registered with the National Hunting Association. Hunting, like much else in Italy, has, however, its "submerged" economy. No one knows the scale of the unofficial army of poachers. The industry it supports, however, is large enough for it to have a powerful lobby which has long worked against tighter hunting regulations.

Considerable progress has been made, however, at least on paper. The number of species of eligible game—as many as 400 in 1967—is now only 60. Shooting is permitted in regions for only two or three days a week in the season, which runs in most places until early March.

The cost of a gun licence, too, has risen fourfold since 1972, to stand at L47,000 (about £20) from next January.

It remains to be seen to what extent the new restrictions are respected, particularly by bird fanciers, who catch their tiny prey in nets. Several of Italy's 20 regions have already been granted exemptions, allowing huntsmen to continue their pursuit of four of the 13 species affected by the latest regulations.